

Patricia M. French  
Senior Attorney



300 Friberg Parkway  
Westborough, Massachusetts 01581  
(508) 836-7394  
(508) 836-7039 (facsimile)  
[pfrench@nisource.com](mailto:pfrench@nisource.com)

June 2, 2005

BY OVERNIGHT DELIVERY AND E-FILE

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station  
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 05-27

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), please find Bay State's response to the following information request of the Department:

DTE-1-20

Please do not hesitate to telephone me with any questions whatsoever.

Very truly yours,

Patricia M. French

cc: Caroline O'Brien Bulger, Esq., Hearing Officer (1 copy)  
A. John Sullivan, DTE (7 copies)  
Andreas Thanos, Ass't Director, Gas Division  
Alexander Cochis, Assistant Attorney General (4 copies)

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
FIRST SET OF INFORMATION REQUESTS FROM THE D.T.E.  
D. T. E. 05-27

Date: June 2, 2005

Responsible: Stephen H. Bryant, President

DTE 1-20 Refer to Exh. BSG/SHB-1, at 50. Please provide a copy of the lease agreement for the Metscan meter reading equipment.

Response: The leasing arrangement for Metscan meter reading equipment is covered under three lease agreements with Fleet Capital Leasing:

Attachment DTE 1-20 (a)

Date: January 7, 1998  
Lease Schedule No.: 31946-00016  
Acquisition Cost: \$18,077,749  
Required Monthly Payments: 66 @ \$156,372.89  
66 @ \$191,098.98  
Number of units covered: 157,585

Attachment DTE 1-20 (b)

Date: February 20, 1998  
Lease Schedule No.: 31946-00018  
Acquisition cost: \$3,907,723.83  
Required Monthly Payments: 66 @ \$33,499.31  
66 @ \$40,938.60  
Number of units covered: 25,441

Attachment DTE 1-20 (c)

Date: September 23, 1998  
Lease Schedule No.: 31946-00022  
Acquisition cost: \$1,119,450.00  
Required Monthly Payments: 66 @ \$ 9,615.18  
66 @ \$11,750.53  
Number of units covered: 6,585

In addition to the three leases, Attachment DTE 1-20 (d) is a copy of the Master Lease Agreement covering each of the Lease Schedules listed above.



**LEASE SCHEDULE NO. 31946-00016**  
(True Lease Schedule)

50 Kennedy Plaza  
Providence, Rhode Island 02903-2305

**Lessee: BAY STATE GAS COMPANY**  
**Address: 300 FRIBERG PARKWAY**

**WESTBOROUGH, MA 01581**

1. This Lease Schedule No. 31946-00016 dated as of JANUARY 07, 1998 is entered into pursuant to and incorporates by this reference, all of the terms and provisions of that certain Master Equipment Lease Agreement No. 31946 dated as of OCTOBER 31, 1995 (the "Master Lease"), for the lease of the Equipment described in Schedule A attached hereto. This Lease Schedule shall constitute a separate, distinct and independent lease of the Equipment and the contractual obligation of Lessee. References to the "the Lease" or "this Lease" shall mean and refer to this Lease Schedule, together with the Master Lease and all exhibits, addenda, schedules, certificates, riders and other documents and instruments executed and delivered in connection with this Lease Schedule, all as the same may be amended or modified from time to time. All capitalized terms used herein and not defined herein shall have the meanings set forth or referred to in the Master Lease. By its execution and delivery of this Lease Schedule, Lessee hereby reaffirms all of the representations, warranties and covenants contained in the Master Lease, as of the date hereof, and further represents and warrants to Lessor that no Event of Default, and no event or condition which with notice or the passage of time or both would constitute an Event of Default, has occurred and is continuing as of the date hereof.

2. **ACQUISITION COST.** The Acquisition Cost of the Equipment is: \$18,077,749.00.

3. (a) **LEASE TERM.** The Lease Term shall commence on the date hereof and shall continue for a period of 132 months after the Lease Term Commencement Date set forth in the Acceptance Certificate to this Lease Schedule, plus any renewal or extended term applicable in accordance with the terms of the Lease.

(b) **RENTAL PAYMENTS.** In addition to interim rent payable pursuant to Section 2 of the Master Lease, Lessee shall pay Lessor 132 consecutive Rental Payments in the amounts set forth in the schedule below, plus any applicable sales/use taxes, commencing on the Rental Payment Commencement Date set forth in the Acceptance Certificate and MONTHLY thereafter for the remaining Lease Term. Each Rental Payment shall be payable on the same day of the month as the Rental Payment Date in each succeeding rental period during the remaining Lease Term (each, a "Rental Payment Date"):

<u>Number of Rental Payments</u>	<u>Amount of Each Rental Payment</u>
66	156,372.89
66	191,098.98

(c) **ADVANCE RENTAL PAYMENT.** Lessee agrees to pay Lessor the first 01 and last 0 Rental Payments, due and payable on the Acceptance Date.

(d) **SECURITY DEPOSIT.** Lessee agrees to make a payment in an amount equal to 0% of the Acquisition Cost of the Equipment, due and payable on the Acceptance Date, to be held by Lessor as a non-interest bearing deposit to secure Lessee's performance under the Lease.

4. **EQUIPMENT LOCATION(S).** The Equipment will be located at the location(s) specified in Schedule A-1 hereto.

5. Lessor will invoice Lessee for all sales, use and/or personal property taxes as and when due and payable in accordance with applicable law, unless Lessee delivers to Lessor a valid exemption certificate with respect to such taxes. Delivery of such certificate shall constitute Lessee's representation and warranty that no such taxes shall become due and payable with respect to the Equipment, and Lessee shall indemnify and hold harmless Lessor from and against any and all liability or damages, including late charges and interest which Lessor may incur by reason of the assessment of such taxes.

6. The Rental Payments may change for Equipment accepted after JANUARY 12, 1998.

7. Lessee represents that the applicable recovery period for the Equipment, for purposes of Section 168 of the Internal Revenue Code of 1986, is as set forth in Schedule A hereto.

Dated as of: JANUARY 07, 1998

FLEET CAPITAL CORPORATION

By: 

Name: JOHN SCOTT SISCO

Title: Vice President

BAY STATE GAS COMPANY

By: 

Name: THOMAS W. SHERMAN

Title: CEO & TREASURER



Capital Leasing

50 Kennedy Plaza  
Providence, Rhode Island 02903-2305

ACCEPTANCE CERTIFICATE

This Acceptance Certificate (this "Acceptance Certificate") is attached to and made a part of that certain Lease Schedule No. 31946 - 00016, dated as of JANUARY 07, 1998 (the "Lease Schedule"), by and between the undersigned parties. All capitalized terms used herein and not defined herein shall have the meanings set forth or referred to in the Lease Schedule. To the extent the terms set forth in this Acceptance Certificate differ or conflict with any of the terms set forth in the Lease, the terms set forth in this Acceptance Certificate shall control.

1. Lessee acknowledges and agrees that each item of Equipment set forth on Schedule A hereto (collectively, the "Equipment") is hereby unconditionally accepted by Lessee for all purposes under the Lease at the locations specified in Schedule A-1 hereto, and hereby agrees to faithfully perform all of its obligations under the Lease as of the date hereof (the "Acceptance Date"). Lessee hereby authorizes and directs Lessor to make payment to each vendor of the Equipment pursuant to such vendor's invoice or any purchase order, purchase agreement or supply contract with such vendor, receipt and approval of which are hereby reaffirmed by Lessee.

2. By its execution and delivery of this Acceptance Certificate, Lessee hereby reaffirms all of the representations, warranties and covenants contained in the Lease as of the date hereof, and further represents and warrants to Lessor that no Event of Default, and no event or condition which with notice or the passage of time or both would constitute an Event of Default, has occurred and is continuing as of the date hereof. Lessee further certifies to Lessor that Lessee has selected the Equipment and has received and approved the purchase order, purchase agreement or supply contract under which the Equipment will be acquired for all purposes of the Lease.

3. Lessee hereby represents and warrants that: (a) the Equipment has been delivered and is in an operating condition and performing the operation for which it is intended to the satisfaction of the Lessee; and (b) if requested by Lessor, the Equipment has been marked or labeled evidencing the Lessor's interest therein.

4. The LEASE TERM COMMENCEMENT DATE is the 10 day of JANUARY, 1998.

5. The RENTAL PAYMENT COMMENCEMENT DATE is the 10th day of January, 1998.

6. All terms and provisions of the Lease Schedule shall remain in full force and effect, except as otherwise provided below:

- ACQUISITION COST: \$ 18,077,749.00

- LEASE TERM: \_\_\_\_\_ months

- RENTAL PAYMENTS: Number of Rental Payments Rental Payment Amount

ADVANCE RENTAL PAYMENT(S): First 01 and last 00

- SECURITY DEPOSIT: n/a %.

Dated: 1/10/98

Agreed and Accepted:

FLEET CAPITAL CORPORATION

By: [Signature]  
Name: JOAN SCOTT SOLEY  
Title: Vice President

BAY STATE GAS COMPANY

By: [Signature]  
Name: THOMAS W. SHERMAN  
Title: EUR & TREASURER



### Schedule A Equipment

Attached to and made a part of the following: True Lease Schedule No. 31946-00016, Acceptance Certificate, ICC-1 Financing Statements and Bill of Sale.

WITH: **BAY STATE GAS COMPANY**

QTY	DESCRIPTION	MODEL NO.	SERIAL NUMBER
-----	-------------	-----------	---------------

THE DEPRECIABLE LIFE IS 5 YEARS

LOCATION ( 01)

157,585 Itron Residential Monitoring Devices

Model RMD 4.0

WITH ALL STANDARD AND ACCESSORY EQUIPMENT

FLEET CAPITAL CORPORATION

BY: Lina M. Ferrudo

NAME: Lina M. Ferrudo

TITLE: Assistant Vice President

BAY STATE GAS COMPANY

BY: [Signature]

NAME: Thomas W. Sheaman

TITLE: 2 EVP + Treasurer



**Schedule A-1 Equipment Location**

Attached to and made part of the following documents: True Lease Schedule No. 31946-16, Acceptance Certificate, UCC-1 Financing Statements and Bill of Sale.

**WITH: BAY STATE GAS COMPANY**

LOC.#	EQUIPMENT CURRENTLY LOCATED AT:
-------	---------------------------------

**Location (01)**    300 Friberg Parkway  
Westborough, MA 01581

**And residences throughout Massachusetts**

**FLEET CAPITAL CORPORATION**

BY: [Signature]

NAME: JOHN SCOTT SIOLEY

TITLE: Vice President

**BAY STATE GAS COMPANY**

BY: x [Signature]

NAME: THOMAS W. SHERMAN

TITLE: x EUP + TREASURER



50 Kennedy Plaza  
Providence, Rhode Island 02903

WARRANTY BILL OF SALE

BAY STATE GAS COMPANY ("Seller") of 300 FRIBERG PARKWAY WESTBOROUGH, MA 01581, in consideration of the sum of \$18,077,749.00 Dollars, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby sell, transfer and assign to Fleet Capital Corporation ("FCC") a Rhode Island corporation having its principal office at 50 Kennedy Plaza, Providence, Rhode Island 02903, the equipment set forth in Schedule A hereto (the "Equipment").

Seller hereby covenants with and warrants to FCC that Seller is the lawful owner of the Equipment and has the right to sell the Equipment, and that the Equipment is free and clear of all rights, claims, liens, charges, security interests or encumbrances of any other person. Seller will forever indemnify, defend and warrant all of the rights of FCC in and to the Equipment transferred hereunder against the claims and demands of all other persons.

IN WITNESS WHEREOF, Seller has duly executed this Bill of Sale this 9th day of January, 1998.

BAY STATE GAS COMPANY

By: X

Name: Thomas W. SHERMAN

Title: X EVP & TREASURER

COMMONWEALTH

State of X MASSACHUSETTS

County of X WORCESTER

Subscribed and sworn before me this 9th day of X January, 1998.

Joseph J. Piccinotto  
Notary Public

My Commission expires: X APRIL 26, 2002

(SEAL)





EARLY PURCHASE OPTION RIDER  
(single option)

50 Kennedy Plaza  
Providence, Rhode Island 02903-2305

This Early Purchase Option Rider (this "Rider") is attached to and made a part of that certain Lease Schedule No. 31946-00016, dated as of JANUARY 07, 1998 (the "Lease Schedule"), by and between the undersigned parties.

So long as no Event of Default has occurred and is continuing under the Lease, and upon at least 90 days prior written notice to Lessor, Lessee shall have the right to terminate the Lease Term for all but not less than all of the Equipment on the Rental Payment Date for Rental Payment Number 120 (the "Termination Date"). Lessee shall pay to Lessor on the Termination Date an amount equal to: (a) all Rental Payments, late charges and other amounts due and owing under the Lease; plus (b) all taxes, assessments and other charges due or payable in connection with the sale of the Equipment to Lessee; plus (c) 23.78 % of the Acquisition Cost of the Equipment.

Provided that Lessor shall have received all amounts payable hereunder on the Termination Date, and that no Event of Default then exists and is continuing under the Lease, Lessor shall convey all of its right, title and interest in and to the Equipment to Lessee on the Termination Date, on an "AS-IS," "WHERE-IS" BASIS **WITHOUT REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED**, and without recourse to Lessor, except that the Equipment shall be free and clear of all liens created by Lessor.

In the event Lessee shall not pay all amounts due hereunder on the Termination Date, then the Lease Term for the Equipment shall continue in full force and effect, and this Rider shall be null and void and of no further force and effect.

All capitalized terms used herein and not defined herein shall have the meanings set forth or referred to in the Lease Schedule. Except as specifically set forth herein, all of the terms and conditions of the Lease shall remain in full force and effect and are hereby ratified and affirmed. To the extent that the provisions of this Rider conflict with any provisions contained in the Lease, the provisions of this Rider shall control.

Dated as of: JANUARY 07, 1998

FLEET CAPITAL CORPORATION

By: [Signature]  
Name: JOHN SCOTT SIBLEY  
Title: Vice President

BAY STATE GAS COMPANY

By: [Signature]  
Name: X THOMAS W. SHERMAN  
Title: X EVP + TREASURER



## PURCHASE OPTION RIDER

50 Kennedy Plaza  
Providence, Rhode Island 02903-2305

This Purchase Option Rider (this "Rider") is attached to and made a part of that certain Lease Schedule No. 31946-00016, dated as of JANUARY 07, 1998 (the "Lease Schedule"), by and between the undersigned parties.

1. **Purchase Option.** If no Event of Default (or event or condition which, with the passage of time or giving of notice, or both, would become such an Event of Default) shall have occurred and be continuing, and the Lease shall not have been earlier terminated, Lessee shall have the option to purchase (the "Purchase Option") all, but not less than all, of the Equipment at the expiration of the Lease Term for an amount, payable in immediately available funds on the last day of the Lease Term, equal to: (a) all Rental Payments, late charges and other amounts due and owing under the Lease; plus (b) all taxes, assessments and other charges due or payable in connection with the sale of the Equipment to Lessee; plus (c) the Purchase Option Price (hereinafter defined).

Provided that Lessor shall have received all amounts payable hereunder on the last day of the Lease Term, and that no Event of Default then exists and is continuing under the Lease, Lessor shall convey all of its right, title and interest in and to the Equipment to Lessee on the last day of the Lease Term, on an "AS-IS," "WHERE-IS" BASIS WITHOUT REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, and without recourse to Lessor, except that the Equipment shall be free and clear of all liens created by Lessor. If Lessee intends to exercise the Purchase Option, Lessee shall give irrevocable written notice to Lessor (the "Option Notice") not more than 240 days, nor less than 180 days, prior to the expiration of the Lease Term. If Lessee fails to give such written notice to Lessor, it shall be conclusively presumed that Lessee has elected not to exercise the Purchase Option.

If, for any reason, Lessee does not exercise the Purchase Option, Lessee shall, on the last day of the Lease Term, return all of the Equipment to Lessor pursuant to and in the condition required by the terms of the Lease and pay to Lessor a return fee equal to 5.000 % of the Acquisition Cost of the Equipment.

2. **Purchase Option Price.** If Lessee has elected to exercise the Purchase Option, then the "Purchase Option Price" shall be the Fair Market Value (hereinafter defined) of the Equipment. As soon as practicable following Lessor's receipt of the Option Notice, Lessor and Lessee shall agree on the Fair Market Value of the Equipment as of the end of the Lease Term. Fair Market Value of the Equipment shall be the amount determined on the basis of, and equal in value to, the amount which would be obtained in an arm's-length transaction between an informed and willing buyer-user (other than a buyer-user currently in possession or a used equipment or scrap dealer) and an informed and willing seller, under no compulsion to buy or sell, provided, however, that in such determination (i) costs of removal from the location of current use shall not be a deduction from such value, (ii) it shall be assumed (whether or not the same be true) that the Equipment has been maintained and would have been returned to Lessor in compliance with the requirements of the Lease, and (iii) if any item of Equipment has been attached to or installed on or in any other property leased or owned by Lessee, then the fair market value of such item of Equipment shall be determined on an installed basis, in place and in use.

If Lessor and Lessee fail to agree upon Fair Market Value on or before one hundred sixty (160) days prior to the expiration of the Lease Term, then such value shall be determined by the Appraisal Procedure (as set forth in Section 3 below), at Lessee's sole cost and expense.

3. **Appraisal Procedure.** On the earlier of 160 days prior to the end of the Lease Term or the date on which either party hereto shall have given written notice to the other requesting determination of the Fair Market Value of the Equipment by this Appraisal Procedure (the "Appraisal Notice"), the parties shall consult for the purpose of appointing a qualified American Society of Appraisers ("ASA") certified appraiser by mutual agreement. If no such appraiser is so appointed within ten (10) business days after the Appraisal Notice is given, each party shall appoint a certified ASA appraiser and the two appraisers shall attempt to jointly agree on the Fair Market Value of the Equipment. If the two appraisers cannot so agree, then the two appraisers so appointed shall appoint a third certified ASA appraiser. If the two appraisers have been unable to agree on the Fair Market Value and on a third appraiser within thirty (30) days after the date of their appointment, Lessor may apply to the ASA or the American Arbitration Association to make such appointment, and both parties shall be bound by any such appointment. Any appraiser or appraisers appointed pursuant to this Appraisal Procedure shall be bound to determine the Fair Market Value of the Equipment within thirty (30) days after the appointment of the final appraiser to be employed pursuant to this Appraisal Procedure. If the parties shall have appointed a single appraiser, his or her determination of value shall be final, binding and conclusive on the parties. If the parties have appointed two appraisers, then their jointly agreed determination of value shall be final, binding and conclusive on the parties. If three appraisers shall be appointed, the values determined by the three appraisers shall be averaged, the appraisal having a value furthest from the average shall be discarded and the remaining two appraised values shall be averaged, and the average of the remaining two appraised values shall be final, binding and conclusive on the parties.

All capitalized terms used herein and not defined herein shall have the meanings set forth or referred to in the Lease Schedule. Except as specifically set forth herein, all of the terms and conditions of the Lease shall remain in full force and effect and are hereby ratified and affirmed. To the extent that the provisions of this Rider conflict with any provisions contained in the Lease, the provisions of this Rider shall control.

Dated as of: JANUARY 07, 1998

**FLEET CAPITAL CORPORATION**

By: [Signature]  
Name: JOHN SCOTT SIOLEY  
Title: Vice President

**BAY STATE GAS COMPANY**

By: [Signature]  
Name: THOMAS W. SHERMAN  
Title: V.P. & TREASURER



**Kenneth L. Chesley**  
Vice President

**Fleet Capital Leasing**

Mail Stop, MA 02104N  
75 State Street  
4th Floor  
Boston, MA 02109  
617-346-1700  
6-1770  
chesley@fleet.com

April 13, 1998

Mr. Vincent Casamassima  
Bay State Gas Company  
300 Friberg Parkway  
Westborough, MA 01581

Dear Vincent,

Enclosed you will find two UCC1's and Schedule A Equipment. This information is being provided for the last two lease schedules. The information provided in the lease schedules was not sufficient, whereby we have redone them to reflect the appropriate detail.

Once signed by an authorized officer the documents should be mailed to:

Scott Sibley  
Fleet Capital Corp.  
50 Kennedy Plaza, 5th Floor  
Providence, RI. 02903

Should you have any questions, please give me a call.

Sincerely,

A handwritten signature in black ink, appearing to read "Kenneth L. Chesley", with a long, sweeping horizontal stroke extending to the right.

Ken Chesley  
Vice President



### Schedule A Equipment

Attached to and made a part of the following: True Lease Schedule No. 31946-00016, Acceptance Certificate, UCC-1 Financing Statements and Bill of Sale.

**BAY STATE GAS COMPANY**

QTY	DESCRIPTION	MODEL NO.	SERIAL NO.
-----	-------------	-----------	------------

**THE DEPRECIABLE LIFE OF THE EQUIPMENT IS 5 YEARS.**

**LOCATION (01)**

**147,015 Itron Residential Automatic Meter Readers RMD 4.0**

**Itron Commercial Automatic Meter Readers CID 30+**

**WITH ALL STANDARD AND ACCESSORY EQUIPMENT**

**FLEET CAPITAL CORPORATION**

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE \_\_\_\_\_

**BAY STATE GAS COMPANY**

BY: X 

NAME: X Thomas W. Sherman

TITLE: X EVP & TREASURER



**Schedule A-1  
Equipment Location**

Attached to and made part of the following documents: True Lease Schedule No. 31946-16, Acceptance Certificate, UCC-1 Financing Statements and Bill of Sale.

With **BAY STATE GAS COMPANY**

LOC.#	EQUIPMENT CURRENTLY LOCATED AT:
-------	---------------------------------

(01	300 Friberg Parkway Westborough, MA 01581
-----	--

Located throughout Massachusetts in  
residential and commercial locations.

**FLEET CAPITAL CORPORATION**

BY \_\_\_\_\_

NAME \_\_\_\_\_

TITLE \_\_\_\_\_

**BAY STATE GAS COMPANY**

BY: X 

NAME: X Thomas W. Sierman

TITLE: X VP + TREASURER

25943

Attachment 4-20 (a)

Registered 05-27

514 PENCE ST.

P.O. BOX 2181

ANOKA, MN 55309

(612) 421-1712

N

## UNIFORM COMMERCIAL CODE

## STATEMENTS OF CONTINUATION, PARTIAL RELEASE, ASSIGNMENT, ETC. — FORM UCC-3

## INSTRUCTIONS

1. PLEASE TYPE this form. Fold only along perforation for mailing.
2. Remove Secured Party and Debtor copies and send other 3 copies with interleaved carbon paper to the filing officer.
3. Enclose filing fee.
4. If the space provided for any item(s) on the form is inadequate the item(s) should be continued on additional sheets, preferably 5" x 8" or 8" x 10". Only one copy of such additional sheets need be presented to the filing officer with a set of three copies of Form UCC-3. Long schedules of collateral, etc. may be on any size paper that is convenient for the secured party.
5. At the time of filing, filing officer will return third copy as an acknowledgment.

MASSACHUSETTS

This STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code.

3 Maturity date (if any):

1 Debtor(s) (Last Name First) and address(es)

BAY STATE GAS COMPANY

300 Friberg Parkway

Westborough, MA 01581

Acct. No. 31946- 16/1mf

Federal ID#: 04-2548120

2 Secured Party(ies) and address(es)

FLEET CAPITAL CORPORATION,

for itself and as Agent

50 Kennedy Plaza, 5th floor

Providence, RI 02903

For Filing Officer  
(Date, Time, Number, and Filing Office)

This statement refers to original Financing Statement No. 525696 Dated 1/28 19 98 with: SOS/MA

A. Continuation ☐B. Partial Release ☐C. Assignment ☐D. Other: ☒

The original financing statement between the foregoing Debtor and Secured Party, bearing the file number shown above, is still effective.

From the collateral described in the financing statement bearing the file number shown above, the Secured Party releases the following:

The Secured Party certifies that the Secured Party has assigned to the Assignee whose name and address is shown below, Secured Party's rights under the financing statement bearing the file number shown above in the following property:

(Such as "amendment")

Amendment

Amend original filing to read as follows:

147,015 Itron residential automatic meter readers, Model RMD 4.0 and 10,570 Itron commercial automatic meter readers, Model CID 30+ and all additions, accessions, modifications, improvements, replacements, substitutions and accessories thereto and therefor, whether now owned or hereafter acquired, and the proceeds, products and income of any of the foregoing, including insurance proceeds. Debtor has possession of the equipment under a true lease only. Secured Party has a security interest in the equipment to the extent necessary to protect its title and interest therein.

E. TERMINATION ☐

The Secured Party of record no longer claims a security interest under the Financing Statement

BAY STATE GAS COMPANY

(Signature of Debtor, if required)

(Debtor)

FLEET CAPITAL CORPORATION, for itself and as Agent

By:

(Signature of Secured Party)

MASSACHUSETTS

FILING OFFICER COPY - ALPHABETICAL

25944

## UNIFORM COMMERCIAL CODE

Attachment D  
U.C.C. § 9-314(a)  
Revised, 1999  
(17) 420B-47  
Page 3 of 20

## STATEMENTS OF CONTINUATION, PARTIAL RELEASE, ASSIGNMENT, ETC. — FORM UCC-3

## INSTRUCTIONS

1. **PLEASE TYPE** this form. Fold only along perforation for mailing.
2. Remove Secured Party and Debtor copies and send other 3 copies with interleaved carbon paper to the filing officer.
3. Enclose filing fee.
4. If the space provided for any item(s) on the form is inadequate the item(s) should be continued on additional sheets, preferably 5" x 8" or 8" x 10". One copy of such additional sheets need be presented to the filing officer with a set of three copies of Form UCC-3. Long schedules of collateral, etc. may be on any size paper that is convenient for the secured party.
5. At the time of filing, filing officer will return third copy as an acknowledgement.

MASSACHUSETTS

This STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code.

3 Maturity date (if any):

1 Debtor(s) (Last Name First) and address(es)

BAY STATE GAS COMPANY  
300 Friberg Parkway  
Westborough, MA 01581  
Acct. No. 31946-16/1mf  
Federal ID#: 04-2548120

2 Secured Party(ies) and address(es)

FLEET CAPITAL CORPORATION,  
for itself and as Agent  
50 Kennedy Plaza, 5th floor  
Providence, RI 02903

For Filing Officer  
(Date, Time, Number, and Filing Office)

This statement refers to original Financing Statement No. 98-059

Dated 1/21

19 98 w: Westborough  
Clerk, MAA. Continuation ☐

The original financing statement between the foregoing Debtor and Secured Party, bearing the file number shown above, is still effective.

B. Partial Release ☐

From the collateral described in the financing statement bearing the file number shown above, the Secured Party releases the following:

C. Assignment ☐

The Secured Party certifies that the Secured Party has assigned to the Assignee whose name and address is shown below, Secured Party's rights under the financing statement bearing the file number shown above in the following property:

D. Other: ☐  
(Such as "amendment")  
Amendment

Amend original filing to read as follows:

147,015 Itron residential automatic meter readers, Model RMD 4.0 and 10,570 Itron commercial automatic meter readers, Model CID 30+ and all additions, accessions, modifications, improvements, replacements, substitutions and accessories thereto and therefor, whether now owned or hereafter acquired, and the proceeds, products and income of any of the foregoing, including insurance proceeds. Debtor has possession of the equipment under a true lease only. Secured Party has a security interest in the equipment to the extent necessary to protect its title and interest therein.

E. TERMINATION ☐

The Secured Party of record no longer claims a security interest under the Financing Statement

BAY STATE GAS COMPANY  
(Signature of Debtor, if required)

(Debtor)

FLEET CAPITAL CORPORATION, for itself and as Agent

By: \_\_\_\_\_  
(Signature of Secured Party)

Dated: \_\_\_\_\_ 19

FILING OFFICER COPY - ALPHABETICAL

MASSACHUSETTS



# CORD CERTIFICATE OF PROPERTY INSURANCE

Attachment DTE-1-20 (a)

DATE 05/27/98  
Page 15 of 20  
7/12/98

UCER

Alexander & Alexander, Inc.  
n Risk Services, Inc.  
High Street  
ston, MA 02110

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

## COMPANIES AFFORDING COVERAGE

COMPANY

A

NATIONAL UNION FIRE IC OF PITT

COMPANY

B

COMPANY

C

COMPANY

D

y State Gas Company  
O Friberg Parkway  
stborough, MA 01581

## COVERAGE

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	COVERED PROPERTY	LIMITS
<input checked="" type="checkbox"/> PROPERTY	ST2604474	5/1/97	5/1/00	BUILDING	\$
CAUSES OF LOSS				PERSONAL PROPERTY	\$
BASIC				BUSINESS INCOME	\$
BROAD				EXTRA EXPENSE	\$
SPECIAL				BLANKET BUILDING	\$
EARTHQUAKE				BLANKET PERS PROP	\$
FLOOD				<input checked="" type="checkbox"/> BLANKET BLDG & PP	\$ 20,000,000
<input checked="" type="checkbox"/> All Risk except as Excluded					\$
INLAND MARINE					\$
TYPE OF POLICY					\$
CAUSES OF LOSS					\$
NAMED PERILS					\$
OTHER					\$
CRIME					\$
TYPE OF POLICY					\$
BOILER & MACHINERY					\$
OTHER					\$

## CERTIFICATE HOLDER

ET CAPITAL LEASING  
KENNEDY PLAZA  
VIDENCE, RI 02902-2305

## CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT.

BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES

AUTHORIZED REPRESENTATIVE

1/12/98

**CORD. CERTIFICATE OF INSURANCE****DUCER**

Alexander & Alexander, Inc.  
Aon Risk Services, Inc.  
99 High Street  
Boston, MA 02110

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND  
CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE  
DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE  
POLICIES BELOW.

**COMPANIES AFFORDING COVERAGE**

COMPANY LETTER **A** NATIONAL UNION FIRE IC OF PITT

COMPANY LETTER **B**

COMPANY LETTER **C**

COMPANY LETTER **D**

COMPANY LETTER **E**

Bay State Gas Company  
300 Friberg Parkway  
Westborough, MA 01581

**TERAGES**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD  
INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS  
CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS,  
EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
<b>GENERAL LIABILITY</b>				
COMMERCIAL GENERAL LIABILITY				GENERAL AGGREGATE \$
CLAIMS MADE OCCUR.				PRODUCTS-COMP/OP AGG. \$
OWNER'S & CONTRACTOR'S PROT.				PERSONAL & ADV. INJURY \$
				EACH OCCURRENCE \$
				FIRE DAMAGE (Any one fire) \$
				MED. EXPENSE (Any one person) \$
<b>AUTOMOBILE LIABILITY</b>				
ANY AUTO				COMBINED SINGLE LIMIT \$
ALL OWNED AUTOS				BODILY INJURY (Per person) \$
SCHEDULED AUTOS				BODILY INJURY (Per accident) \$
HIRED AUTOS				PROPERTY DAMAGE \$
NON-OWNED AUTOS				EACH OCCURRENCE \$2,000,000
GARAGE LIABILITY				AGGREGATE \$2,000,000
<b>EXCESS LIABILITY</b>				
UMBRELLA FORM	BE3574300	12/31/97	12/31/99	STATUTORY LIMITS
X OTHER THAN UMBRELLA FORM				EACH ACCIDENT \$
WORKER'S COMPENSATION				DISEASE-POLICY LIMIT \$
AND				DISEASE-EACH EMPLOYEE \$
EMPLOYERS' LIABILITY				
OTHER				

**DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS** Excess Liability Policy is a Claims Made Form.  
Excess Liability Insurance Above The Following Retention:  
General Liability: \$1,000,000 Self-Insured Combined Single Limit  
Automobile Liability: \$1,000,000 Self-Insured Combined Single Limit  
Sale/Lease Back of Itron residential monitor devices

**CERTIFICATE HOLDER**

LEET CAPITAL LEASING  
10 KENNEDY PLAZA  
PROVIDENCE, RI 02903-2305

**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE  
EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO  
MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE  
LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR  
LIABILITY OF THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

*Smewer*

ISSUE DATE 12/12/97  
1/12/98**ACORD. CERTIFICATE OF INSURANCE****PRODUCER**Alexander & Alexander, Inc  
Aon Risk Services, Inc.  
99 High Street  
Boston, MA 02110THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND  
CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE  
DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE  
POLICIES BELOW.**COMPANIES AFFORDING COVERAGE**COMPANY LETTER **A** NATIONAL UNION FIRE IC OF PITTCOMPANY LETTER **B**COMPANY LETTER **C**COMPANY LETTER **D**COMPANY LETTER **E****INSURED**Bay State Gas Company  
300 Friberg Parkway  
Westborough, MA 01581**COVERAGES**THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD  
INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS  
CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS **SUBJECT TO ALL THE TERMS,  
EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.**

TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
<b>GENERAL LIABILITY</b>				<b>GENERAL AGGREGATE</b> \$
<input type="checkbox"/> <b>COMMERCIAL GENERAL LIABILITY</b>				<b>PRODUCTS-COMP/OP AGG.</b> \$
<input type="checkbox"/> <b>CLAIMS MADE</b> <input type="checkbox"/> <b>OCCUR.</b>				<b>PERSONAL &amp; ADV. INJURY</b> \$
<input type="checkbox"/> <b>OWNER'S &amp; CONTRACTOR'S PROT.</b>				<b>EACH OCCURRENCE</b> \$
				<b>FIRE DAMAGE (Any one fire)</b> \$
				<b>MED. EXPENSE (Any one person)</b> \$
<b>AUTOMOBILE LIABILITY</b>				<b>COMBINED SINGLE LIMIT</b> \$
<input type="checkbox"/> <b>ANY AUTO</b>				<b>BODILY INJURY (Per person)</b> \$
<input type="checkbox"/> <b>ALL OWNED AUTOS</b>				<b>BODILY INJURY (Per accident)</b> \$
<input type="checkbox"/> <b>SCHEDULED AUTOS</b>				<b>PROPERTY DAMAGE</b> \$
<input type="checkbox"/> <b>HIRED AUTOS</b>				
<input type="checkbox"/> <b>NON-OWNED AUTOS</b>				
<input type="checkbox"/> <b>GARAGE LIABILITY</b>				
<b>EXCESS LIABILITY</b>	BE3574300	12/31/97	12/31/99	<b>EACH OCCURRENCE</b> \$ 2,000,000
<input type="checkbox"/> <b>UMBRELLA FORM</b>				\$ 2,000,000
<input checked="" type="checkbox"/> <b>OTHER THAN UMBRELLA FORM</b>				
<b>WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY</b>				<b>STATUTORY LIMITS</b>
				<b>EACH ACCIDENT</b> \$
				<b>DISEASE-POLICY LIMIT</b> \$
				<b>DISEASE-EACH EMPLOYEE</b> \$
<b>OTHER</b>				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS Excess Liability Policy is a Claims Made Form.  
Excess Liability Insurance Above The Following Retention:  
General Liability: \$1,000,000 Self-Insured Combined Single Limit  
Automobile Liability: \$1,000,000 Self-Insured Combined Single Limit  
RE: Sale/Lease Back of Itron residential monitor devices**CERTIFICATE HOLDER**FLEET CAPITAL LEASING  
50 KENNEDY PLAZA  
PROVIDENCE, RI 02903-2305SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE  
EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO  
MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE  
LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR  
LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

PRODUCER

Alexander & Alexander, Inc.  
 Non Risk Services, Inc.  
 99 High Street  
 Boston, MA 02110

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANY  
 C

## COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	COVERED PROPERTY	LIMITS
<input checked="" type="checkbox"/> PROPERTY	ST2604474	5/1/97	5/1/00	BUILDING	\$
CAUSES OF LOSS				PERSONAL PROPERTY	\$
BASIC				BUSINESS INCOME	\$
BROAD				EXTRA EXPENSE	\$
SPECIAL				BLANKET BUILDING	\$
EARTHQUAKE				BLANKET PERS PROP	\$
FLOOD				<input checked="" type="checkbox"/> BLANKET BLDG & PP	\$ 20,000,000
<input checked="" type="checkbox"/> All Risk except as Excluded					\$
INLAND MARINE					\$
TYPE OF POLICY					\$
CAUSES OF LOSS					\$
NAMED PERILS					\$
OTHER					\$
CRIME					\$
TYPE OF POLICY					\$
BOILER & MACHINERY					\$
OTHER					\$

LOCATION OF PREMISES/DESCRIPTION OF PROPERTY

SPECIAL CONDITIONS/OTHER COVERAGES

CERTIFICATE HOLDER

LEET CAPITAL LEASING  
 10 KENNEDY PLAZA  
 PROVIDENCE, RI 02902-2305

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY

OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES

AUTHORIZED REPRESENTATIVE



# Form ST-12 Exempt Use Certificate

Attachment DTE-1-20 (a)  
Rev. 7/92 DTE 05-27  
Page 19 of 20  
Massachusetts  
Department of  
Revenue

Vendor's Name FLEET CAPITAL CORPORATION  
Address 50 KENNEDY PLAZA  
City/Town PROVIDENCE, RI State RI Zip 02903

I hereby certify that the property herein described is purchased or leased for the following indicated purpose and is exempt from the sales or use tax pursuant to Massachusetts General Laws (MGL), Chapter 64H, section 6(f), (j), (r), (s) or (dd).

- I. ☐ The materials, tools or fuel will become an ingredient or component part of tangible personal property to be sold.
- II. A. ☐ The materials, tools or fuel will be consumed and used directly and exclusively in: or
- B. ☐ The machinery, and/or replacement parts thereof, will be used directly and exclusively in:
1. ☐ Agricultural production.
  2. ☐ Commercial fishing.
  3. ☐ Industrial plant in the actual manufacture, conversion or processing of tangible personal property to be sold.
  4. ☐ Furnishing power to an industrial manufacturing plant.
  5. ☐ Furnishing gas, water, steam or electricity when delivered to consumers through mains, lines or pipes.
  6. ☐ Research and development by a manufacturing or research and development corporation under MGL, Ch. 63, sec. 38C or 42B.
  7. ☐ Production of animals for research, testing, or other purposes to promote human or animal well-being.
  8. ☐ Other (explain) \_\_\_\_\_

Description of property (complete for any exemption claimed in Item I or II)

PETSCAN METERING DEVICES

- ☐ Sales of equipment used directly in solar, wind-powered or heat pump systems to heat or provide energy needs of the person's principal residence in the Commonwealth.
- ☐ The fuel will be used in the operation of aircraft or railroads.
- ☐ The heating fuel will be consumed or used directly and exclusively in heating an industrial plant where at least 75% of the building, location or premises is used for the actual manufacture of tangible personal property to be sold.
- (Check one) The ☐ Gas ☐ Steam ☐ Electricity will be consumed and used directly and exclusively in the actual manufacture of tangible personal property to be sold or in the heating of the industrial plant provided at least 75% of the metered energy is used for the combination of such manufacturing or heating of the manufacturing area.

Service location(s) of qualified property (complete for any exemption claimed in Item VI)

Account number(s)

Liability is hereby assumed for the payment of any use tax due in the event that the property purchased is used for any purpose other than that herein certified. This certificate shall be considered a part of each order unless revoked in writing. All purchase orders under this certificate will clearly indicate that they represent exempt use purchases.

Signed under the penalties of perjury.

Title

TAX MANAGER

Name of company

Bay State Gas Company

Address

300 Friberg Parkway

City/Town

Westborough, MA 01581-5039

State

Zip

Date

Jan: Louise Messeri

Federal ID number

04-2548120

Check applicable box: ☐ Single Purchase Certificate ☒ Blanket Certificate





50 Kennedy Plaza  
Providence, Rhode Island 02903-2305

## AMENDMENT

This Amendment (this "Amendment") is attached to and made a part of each individual Lease Schedule (hereinafter defined) each by and between the undersigned Lessor and Lessee.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee hereby agree to amend the Lease Schedule by changing the Rental Payment Date for the Rental Payment due in April 1998 from April 10, 1998 to April 1, 1998 and further by changing the dates on which all subsequent Rental Payments are due to be the first (1st) day of each month thereafter through the end of each Lease Term.

For the purposes of this Amendment, the term "Lease Schedule" shall mean that certain True Lease Schedule No. 31946-16, dated as of January 7, 1998, by and between Fleet Capital Corporation.

All capitalized terms used herein and not defined herein shall have the meanings set forth or referred to in the Lease Schedules. Except as specifically set forth herein, all of the terms of the Lease Schedules shall remain in full force and effect and are hereby ratified and affirmed. To the extent that the terms of this Amendment conflict with the terms of the Lease Schedules, the terms of this Amendment shall control.

Dated as of: April 6, 1998

LESSOR:

FLEET CAPITAL CORPORATION

By: Michele T. Lanciaux

Name: MICHELE T. LANCIAUX

Title: V.P.

LESSEE:

BAY STATE GAS COMPANY

By: Thomas W. Sherman

Name: THOMAS W. SHERMAN

Title: E.V.P. + TREASURER



March 2, 1998

Vincent Casamassima  
Bay State Gas Compan.  
300 Frieberg Parkway  
Westborough, MA 01581

RE: Acct. No. 31946-18

Dear Mr. Casamassima:

I would like to take this opportunity to thank you for working with Fleet Capital Corporation on your recent financing requirements.

Enclosed for your files are copies of the executed documents referencing the above account number. Invoices will be mailed to the address on this letter. Please verify it; if invoices should be mailed to another address or another individual within your organization, please contact our customer service department at (800) 238-3737.

Again, thank you for your business. Please feel free to call us if you have questions regarding your account or if we can be of any further service to you.

Very truly yours,

A handwritten signature in cursive script, appearing to read 'Lina M. Ferruolo'.

Lina Maria Ferruolo  
Assistant Vice President

/lmf

Enclosures



**LEASE SCHEDULE NO. 31946-00018**  
(True Lease Schedule)

50 Kennedy Plaza  
Providence, Rhode Island 02903-2305

**Lessee: BAY STATE GAS COMPANY**  
**Address: 300 FRIBERG PARKWAY**

**WESTBOROUGH, MA 01581**

1. This Lease Schedule No. 31946-00018 dated as of FEBRUARY 20, 1998 is entered into pursuant to and incorporates by this reference, all of the terms and provisions of that certain Master Equipment Lease Agreement No. 31946 dated as of OCTOBER 31, 1995 (the "Master Lease"), for the lease of the Equipment described in Schedule A attached hereto. This Lease Schedule shall constitute a separate, distinct and independent lease of the Equipment and the contractual obligation of Lessee. References to the "the Lease" or "this Lease" shall mean and refer to this Lease Schedule, together with the Master Lease and all exhibits, addenda, schedules, certificates, riders and other documents and instruments executed and delivered in connection with this Lease Schedule, all as the same may be amended or modified from time to time. All capitalized terms used herein and not defined herein shall have the meanings set forth or referred to in the Master Lease. By its execution and delivery of this Lease Schedule, Lessee hereby reaffirms all of the representations, warranties and covenants contained in the Master Lease, as of the date hereof, and further represents and warrants to Lessor that no Event of Default, and no event or condition which with notice or the passage of time or both would constitute an Event of Default, has occurred and is continuing as of the date hereof.

2. **ACQUISITION COST.** The Acquisition Cost of the Equipment is: \$3,907,723.83.

3. (a) **LEASE TERM.** The Lease Term shall commence on the date hereof and shall continue for a period of 132 months after the Lease Term Commencement Date set forth in the Acceptance Certificate to this Lease Schedule, plus any renewal or extended term applicable in accordance with the terms of the Lease.

(b) **RENTAL PAYMENTS.** In addition to interim rent payable pursuant to Section 2 of the Master Lease, Lessee shall pay Lessor 132 consecutive Rental Payments in the amounts set forth in the schedule below, plus any applicable sales/use taxes, commencing on the Rental Payment Commencement Date set forth in the Acceptance Certificate and MONTHLY thereafter for the remaining Lease Term. Each Rental Payment shall be payable on the same day of the month as the Rental Payment Date in each succeeding rental period during the remaining Lease Term (each, a "Rental Payment Date"):

<u>Number of Rental Payments</u>	<u>Amount of Each Rental Payment</u>
66	33,499.31
66	40,938.60

(c) **ADVANCE RENTAL PAYMENT.** Lessee agrees to pay Lessor the first 01 and last 0 Rental Payments, due and payable on the Acceptance Date.





**Schedule A Equipment**

Attached to and made a part of the following: True Lease Schedule No. 31946-00018, Acceptance Certificate, ICC-1 Financing Statements and Bill of Sale.

**WITH: BAY STATE GAS COMPANY**

QTY	DESCRIPTION	MODEL NO.	SERIAL NUMBER
-----	-------------	-----------	---------------

**THE DEPRECIABLE LIFE IS 5 YEARS**

**LOCATION ( 01)**

**25,441 Itron Residential and Commercial Monitoring Devices**

**WITH ALL STANDARD AND ACCESSORY EQUIPMENT**

**FLEET CAPITAL CORPORATION**

BY: [Signature]  
NAME: JOHN SCOTT SIPLEY  
TITLE: Vice President

**BAY STATE GAS COMPANY**

BY: [Signature]  
NAME: THOMAS W. SHERMAN  
TITLE: V.P. & TREASURER



50 Kennedy Plaza  
Providence, Rhode Island 02903-2305

ACCEPTANCE CERTIFICATE

This Acceptance Certificate (this "Acceptance Certificate") is attached to and made a part of that certain Lease Schedule No. 31946 - 00018, dated as of FEBRUARY 20, 1998 (the "Lease Schedule"), by and between the undersigned parties. All capitalized terms used herein and not defined herein shall have the meanings set forth or referred to in the Lease Schedule. To the extent the terms set forth in this Acceptance Certificate differ or conflict with any of the terms set forth in the Lease, the terms set forth in this Acceptance Certificate shall control.

1. Lessee acknowledges and agrees that each item of Equipment set forth on Schedule A hereto (collectively, the "Equipment") is hereby unconditionally accepted by Lessee for all purposes under the Lease at the locations specified in Schedule A-1 hereto, and hereby agrees to faithfully perform all of its obligations under the Lease as of the date hereof (the "Acceptance Date"). Lessee hereby authorizes and directs Lessor to make payment to each vendor of the Equipment pursuant to such vendor's invoice or any purchase order, purchase agreement or supply contract with such vendor, receipt and approval of which are hereby reaffirmed by Lessee.

2. By its execution and delivery of this Acceptance Certificate, Lessee hereby reaffirms all of the representations, warranties and covenants contained in the Lease as of the date hereof, and further represents and warrants to Lessor that no Event of Default, and no event or condition which with notice or the passage of time or both would constitute an Event of Default, has occurred and is continuing as of the date hereof. Lessee further certifies to Lessor that Lessee has selected the Equipment and has received and approved the purchase order, purchase agreement or supply contract under which the Equipment will be acquired for all purposes of the Lease.

3. Lessee hereby represents and warrants that: (a) the Equipment has been delivered and is in an operating condition and performing the operation for which it is intended to the satisfaction of the Lessee; and (b) if requested by Lessor, the Equipment has been marked or labeled evidencing the Lessor's interest therein.

4. The LEASE TERM COMMENCEMENT DATE is the 20th day of February, 19 98

5. The RENTAL PAYMENT COMMENCEMENT DATE is the 20th day of February, 19 98

6. All terms and provisions of the Lease Schedule shall remain in full force and effect, except as otherwise provided below:

ACQUISITION COST: \$ 3,907,723.83

- LEASE TERM: 132 months.

- RENTAL PAYMENTS	<u>Number of Rental Payments</u>	<u>Rental Payment Amount</u>
	66	\$33,499.31
	66	\$40,938.60

- ADVANCE RENTAL PAYMENT(S) First 01 and last 0

SECURITY DEPOSIT: n/a %

Dated: February 20, 1998

Agreed and Accepted

FLEET CAPITAL CORPORATION

By: [Signature]

Name: JOEL S. SORREY

Title: Vice President

BAY STATE GAS COMPANY

By: [Signature]

Name: THOMAS W. SHERMAN

Title: VP & TREASURER



## PURCHASE OPTION RIDER

50 Kennedy Plaza  
Providence, Rhode Island 02903-2305

This Purchase Option Rider (this "Rider") is attached to and made a part of that certain Lease Schedule No. 31946-00018, dated as of FEBRUARY 20, 1998 (the "Lease Schedule"), by and between the undersigned parties.

1. Purchase Option. If no Event of Default (or event or condition which, with the passage of time or giving of notice, or both, would become such an Event of Default) shall have occurred and be continuing, and the Lease shall not have been earlier terminated, Lessee shall have the option to purchase (the "Purchase Option") all, but not less than all, of the Equipment at the expiration of the Lease Term for an amount, payable in immediately available funds on the last day of the Lease Term, equal to: (a) all Rental Payments, late charges and other amounts due and owing under the Lease; plus (b) all taxes, assessments and other charges due or payable in connection with the sale of the Equipment to Lessee; plus (c) the Purchase Option Price (hereinafter defined).

Provided that Lessor shall have received all amounts payable hereunder on the last day of the Lease Term, and that no Event of Default then exists and is continuing under the Lease, Lessor shall convey all of its right, title and interest in and to the Equipment to Lessee on the last day of the Lease Term, on an "AS-IS," "WHERE-IS" BASIS WITHOUT REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, and without recourse to Lessor, except that the Equipment shall be free and clear of all liens created by Lessor. If Lessee intends to exercise the Purchase Option, Lessee shall give irrevocable written notice to Lessor (the "Option Notice") not more than 240 days, nor less than 180 days, prior to the expiration of the Lease Term. If Lessee fails to give such written notice to Lessor, it shall be conclusively presumed that Lessee has elected not to exercise the Purchase Option.

If, for any reason, Lessee does not exercise the Purchase Option, Lessee shall, on the last day of the Lease Term, return all of the Equipment to Lessor pursuant to and in the condition required by the terms of the Lease and pay to Lessor a return fee equal to 5.000 % of the Acquisition Cost of the Equipment.

2. Purchase Option Price. If Lessee has elected to exercise the Purchase Option, then the "Purchase Option Price" shall be the Fair Market Value (hereinafter defined) of the Equipment. As soon as practicable following Lessor's receipt of the Option Notice, Lessor and Lessee shall agree on the Fair Market Value of the Equipment as of the end of the Lease Term. Fair Market Value of the Equipment shall be the amount determined on the basis of, and equal in value to, the amount which would be obtained in an arm's-length transaction between an informed and willing buyer-user (other than a buyer-user currently in possession or a used equipment or scrap dealer) and an informed and willing seller, under no compulsion to buy or sell, provided, however, that in such determination (i) costs of removal from the location of current use shall not be a deduction from such value, (ii) it shall be assumed (whether or not the same be true) that the Equipment has been maintained and would have been returned to Lessor in compliance with the requirements of the Lease, and (iii) if any item of Equipment has been attached to or installed on or in any other property leased or owned by Lessee, then the fair market value of such item of Equipment shall be determined on an installed basis, in place and in use.



EARLY PURCHASE OPTION RIDER  
(single option)

50 Kennedy Plaza  
Providence, Rhode Island 02903-2305

This Early Purchase Option Rider (this "Rider") is attached to and made a part of that certain Lease Schedule No. 31946-00018, dated as of FEBRUARY 20, 1998 (the "Lease Schedule"), by and between the undersigned parties.

So long as no Event of Default has occurred and is continuing under the Lease, and upon at least 90 days prior written notice to Lessor, Lessee shall have the right to terminate the Lease Term for all but not less than all of the Equipment on the Rental Payment Date for Rental Payment Number 120 (the "Termination Date"). Lessee shall pay to Lessor on the Termination Date an amount equal to: (a) all Rental Payments, late charges and other amounts due and owing under the Lease; plus (b) all taxes, assessments and other charges due or payable in connection with the sale of the Equipment to Lessee; plus (c) 23.57 % of the Acquisition Cost of the Equipment.

Provided that Lessor shall have received all amounts payable hereunder on the Termination Date, and that no Event of Default then exists and is continuing under the Lease, Lessor shall convey all of its right, title and interest in and to the Equipment to Lessee on the Termination Date, on an "AS-IS," "WHERE-IS" BASIS WITHOUT REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, and without recourse to Lessor, except that the Equipment shall be free and clear of all liens created by Lessor.

In the event Lessee shall not pay all amounts due hereunder on the Termination Date, then the Lease Term for the Equipment shall continue in full force and effect, and this Rider shall be null and void and of no further force and effect.

All capitalized terms used herein and not defined herein shall have the meanings set forth or referred to in the Lease Schedule. Except as specifically set forth herein, all of the terms and conditions of the Lease shall remain in full force and effect and are hereby ratified and affirmed. To the extent that the provisions of this Rider conflict with any provisions contained in the Lease, the provisions of this Rider shall control.

Dated as of: FEBRUARY 20, 1998

FLEET CAPITAL CORPORATION

By: [Signature]  
Name: JOHN SEAN VANDER  
Title: Vice President

BAY STATE GAS COMPANY

By: [Signature]  
Name: THOMAS W. SHERMAN  
Title: V.P. & TREASURER

  
**Capital Leasing**  
50 Kennedy Plaza  
Providence, Rhode Island 02903

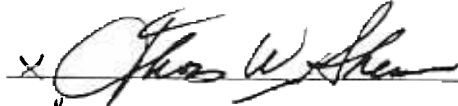
WARRANTY BILL OF SALE

BAY STATE GAS COMPANY ("Seller") of 300 FRIBERG PARKWAY WESTBOROUGH, MA 01581, in consideration of the sum of \$3,907,723.83 Dollars, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby sell, transfer and assign to Fleet Capital Corporation ("FCC") a Rhode Island corporation having its principal office at 50 Kennedy Plaza, Providence, Rhode Island 02903, the equipment set forth in Schedule A hereto (the "Equipment").

Seller hereby covenants with and warrants to FCC that Seller is the lawful owner of the Equipment and has the right to sell the Equipment, and that the Equipment is free and clear of all rights, claims, liens, charges, security interests or encumbrances of any other person. Seller will forever indemnify, defend and warrant all of the rights of FCC in and to the Equipment transferred hereunder against the claims and demands of all other persons.

IN WITNESS WHEREOF, Seller has duly executed this Bill of Sale this ✓ 24<sup>TH</sup> day of ✓ FEBRUARY, 19 98.

BAY STATE GAS COMPANY

By: ✓   
Name: ✓ THOMAS W. SHERMAN  
Title: ✓ A.E.P. + TREASURER

COMMONWEALTH  
~~STATE~~ of 1 MASSACHUSETTS  
County of 1 WORCESTER

Subscribed and sworn before me this ✓ 24<sup>TH</sup> day of 1 FEBRUARY, 19 98.

  
Notary Public

My Commission expires: ✓ APRIL 26, 2002

(SEAL)

## UNIFORM COMMERCIAL CODE — FINANCING STATEMENT — FORM UCC-1

Attachment D T.E.C. 2(b)  
D.T.E. 09-27

MASSACHUSETTS

## INSTRUCTIONS

1. PLEASE TYPE this form. Fold only along perforation for mailing.
2. Remove Secured Party and Debtor Copies and send other 3 copies to the filing officer. Enclose filing fee.
3. When filing is to be with more than one office, Form UCC-2 may be placed over this set to avoid double typing.
4. If the space provided for any item(s) on the form is inadequate the item(s) should be continued on additional sheets, preferably 5" x 8" or 8" x 10". Only one copy of such additional sheets need be presented to the filing officer with a set of three copies of the financing statement. Long schedules of collateral, indentures, etc., may be on any size paper that is convenient for the secured party.
5. If collateral is crops or goods which are or are to become fixtures, describe generally the real estate and give name of record owner.
6. When a copy of the security agreement is used as a financing statement, it is requested that it be accompanied by a completed but unsigned set of these forms, without extra fee.
7. At the time of original filing, filing officer should return third copy as an acknowledgment. At a later time, secured party may date and sign termination legend and use third copy as a Termination Statement.

Page 8 of 10

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code

3

## 1 Debtor(s) (Last Name First) and address(es)

BAY STATE GAS COMPANY  
300 Friberg Parkway  
Westborough, MA 01581  
Acct. No. 31946-18/lmf  
Federal ID # 04-2548120

## 2 Secured Party(ies) and address(es)

Fleet Capital Corporation,  
for itself and as Agent  
50 Kennedy Plaza, 5th Floor  
Providence, RI 02903

## 4 This financing statement covers the following types (or items) of property:

25,441 Itron Residential Monitoring Devices Model: RMD 4.0 and all additions, accessories, modifications, improvements, replacements, substitutions and accessories thereto and therefor, whether now owned or hereafter acquired and the proceeds, products and income of any of the foregoing, including insurance proceeds. Debtor has possession of the equipment under a true lease only. Secured Party has a security interest in the equipment to the extent necessary to protect its title and interest therein.

## 5 Assignee(s) of Secured Party and Address(es)

Check ☒ If covered:☐ Proceeds of Collateral are also covered☐ Products of Collateral are also covered. No. of additional sheets presented:

Filed with: Sec/Comm/Ma

BAY STATE GAS COMPANY

FLEET CAPITAL CORPORATION, for itself and as agent

By:   
Signature(s) of Debtor(s)By: \_\_\_\_\_  
Signature(s) of Secured Party(ies)

FILING OFFICER COPY - ALPHABETICAL

STANDARD FORM — UNIFORM COMMERCIAL CODE — FORM UCC-1

STATE OF MASSACHUSETTS

REORDER FROM  
Registred, Inc.  
514 PIERCE ST.  
P.O. BOX 218  
ANOKA, MN. 55303  
(612) 421-1713

## UNIFORM COMMERCIAL CODE — FINANCING STATEMENT — FORM UCC-1

Attachment 14786  
DD7EC-20(b)  
D.T.E. 08-27MASSACHUSETTS  
Page 9 of 10

## INSTRUCTIONS

1. PLEASE TYPE this form. Fold only along perforation for mailing.
2. Remove Secured Party and Debtor Copies and send other 3 copies to the filing officer. Enclose filing fee.
3. When filing is to be with more than one office, Form UCC-2 may be placed over this set to avoid double typing.
4. If the space provided for any item(s) on the form is inadequate the item(s) should be continued on additional sheets, preferably 5" x 8" or 8" x 10". Only one copy of such additional sheets need be presented to the filing officer with a set of three copies of the financing statement. Long schedules of collateral, indentures, etc., may be on any size paper that is convenient for the secured party.
5. If collateral is crops or goods which are or are to become fixtures, describe generally the real estate and give name of record owner.
6. When a copy of the security agreement is used as a financing statement, it is requested that it be accompanied by a completed but unsigned set of these forms, without extra fee.
7. At the time of original filing, filing officer should return third copy as an acknowledgment. At a later time, secured party may date and sign termination legend and use third copy as a Termination Statement.

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code | 3 Maturity date (if any):

## 1 Debtor(s) (Last Name First) and address(es)

BAY STATE GAS COMPANY  
300 Friberg Parkway  
Westborough, MA 01581  
Acct. No. 31936018/1mf  
Federal ID#04-2548120

## 2 Secured Party(ies) and address(es)

Fleet Capital Corporation  
for itself and as Agent  
50 Kennedy Plaza, 5th Floor  
Providence, RI 02903

## For Filing Officer (Date, Time, Number, and Filing Office)

## 4 This financing statement covers the following types (or items) of property:

25,441 Itron Residential Monitoring Devices Model RMD 4.0 and all additions, accessories, modifications, improvements, replacements, substitutions and accessories thereto and therefor, whether now owned or hereafter acquired and the proceeds, products and income of any of the foregoing, including insurance proceeds. Debtor has possession of the equipment under a true lease only. Secured Party has a security interest in the equipment to the extent necessary to protect its title and interest therein.

## 5. Assignee(s) of Secured Party and Address(es)

Check ☒ if covered:☐ Proceeds of Collateral are also covered☐ Products of Collateral are also covered. No. of additional sheets presented:

Filed with: Westborough, Town Clerk

BAY STATE GAS COMPANY

FLEET CAPITAL CORPORATION, for itself and as Agent

By:   
Signature(s) of Debtor(s)By: \_\_\_\_\_  
Signature(s) of Secured Party(ies)

FILING OFFICER COPY - ALPHABETICAL

STANDARD FORM — UNIFORM COMMERCIAL CODE — FORM UCC-1

STATE OF MASSACHUSETTS

REORDER FROM  
Registrol, Inc.  
514 PIERCE ST.  
P.O. BOX 218  
ANOKA, MN 55303  
(612) 421-1712



50 Kennedy Plaza  
Providence, Rhode Island 02903-2305

**AMENDMENT**

This Amendment (this "Amendment") is attached to and made a part of each individual Lease Schedule (hereinafter defined) each by and between the undersigned Lessor and Lessee.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee hereby agree to amend the Lease Schedule by changing the Rental Payment Date for the Rental Payment due in April 1998 from April 20, 1998 to April 30, 1998 and further by changing the dates on which all subsequent Rental Payments are due to be the thirtieth (30th) day of each month thereafter through the end of each Lease Term.

For the purposes of this Amendment, the term "Lease Schedule" shall mean that certain True Lease Schedule No. 31946-18, dated as of February 20, 1998, by and between Fleet Capital Corporation.

All capitalized terms used herein and not defined herein shall have the meanings set forth or referred to in the Lease Schedules. Except as specifically set forth herein, all of the terms of the Lease Schedules shall remain in full force and effect and are hereby ratified and affirmed. To the extent that the terms of this Amendment conflict with the terms of the Lease Schedules, the terms of this Amendment shall control.

Dated as of: April 6, 1998

**LESSOR:**  
**FLEET CAPITAL CORPORATION**

By: Michelle Laveray  
Name: MICHELLE L AVERAY  
Title: VP

**LESSEE:**  
**BAY STATE GAS COMPANY**

By: Thomas W. Sherman  
Name: THOMAS W. SHERMAN  
Title: VP + Manager





September 28, 1998

Mr. Vinnie Casamassima  
BAY STATE GAS COMPANY  
300 Friberg Parkway  
Wwstborough, MA 01581

**RE: Lease Schedule No.31946-22**

Dear Vinnie:

Our company would like to thank you for continuing to choose Fleet Capital Corporation for your equipment leasing and financing needs.

If we may be of service to you or you have any questions, please call our Customer Service line at 1-800-238-3737 and speak with any of our Customer Service Agents.

We appreciate the business relationship we have developed and look forward to serving you in the years to come.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Lina M. Ferruolo".

Lina Maria Ferruolo  
Assistant Vice President

/lmf

Enclosures



**LEASE SCHEDULE NO. 31946-00022**  
**(True Lease Schedule)**

50 Kennedy Plaza  
Providence, Rhode Island 02903-2305

**Lessee: BAY STATE GAS COMPANY**  
**Address: 300 FRIBERG PARKWAY**

**WESTBOROUGH, MA 01581**

1. This Lease Schedule No. 31946 - 00022 dated as of SEPTEMBER 23, 1998 is entered into pursuant to and incorporates by this reference, all of the terms and provisions of that certain Master Equipment Lease Agreement No. 31946 dated as of OCTOBER 31, 1995 (the "Master Lease"), for the lease of the Equipment described in Schedule A attached hereto. This Lease Schedule shall constitute a separate, distinct and independent lease of the Equipment and the contractual obligation of Lessee. References to the "the Lease" or "this Lease" shall mean and refer to this Lease Schedule, together with the Master Lease and all exhibits, addenda, schedules, certificates, riders and other documents and instruments executed and delivered in connection with this Lease Schedule, all as the same may be amended or modified from time to time. All capitalized terms used herein and not defined herein shall have the meanings set forth or referred to in the Master Lease. By its execution and delivery of this Lease Schedule, Lessee hereby reaffirms all of the representations, warranties and covenants contained in the Master Lease, as of the date hereof, and further represents and warrants to Lessor that no Event of Default, and no event or condition which with notice or the passage of time or both would constitute an Event of Default, has occurred and is continuing as of the date hereof.

2 **ACQUISITION COST.** The Acquisition Cost of the Equipment is: \$1,119,450.00

3. (a) **LEASE TERM.** The Lease Term shall commence on the date hereof and shall continue for a period of 132 months after the Lease Term Commencement Date set forth in the Acceptance Certificate to this Lease Schedule, plus any renewal or extended term applicable in accordance with the terms of the Lease.

(b) **RENTAL PAYMENTS.** In addition to interim rent payable pursuant to Section 2 of the Master Lease, Lessee shall pay Lessor 132 consecutive Rental Payments in the amounts set forth in the schedule below, plus any applicable sales/use taxes, commencing on the Rental Payment Commencement Date set forth in the Acceptance Certificate and MONTHLY thereafter for the remaining Lease Term. Each Rental Payment shall be payable on the same day of the month as the Rental Payment Date in each succeeding rental period during the remaining Lease Term (each, a "Rental Payment Date"):

<u>Number of Rental Payments</u>	<u>Amount of Each Rental Payment</u>
66	9,615.18
66	11,750.53

(c) **ADVANCE RENTAL PAYMENT.** Lessee agrees to pay Lessor the first 01 and last 0 Rental Payments, due and payable on the Acceptance Date.

(d) **SECURITY DEPOSIT.** Lessee agrees to make a payment in an amount equal to 0% of the Acquisition Cost of the Equipment, due and payable on the Acceptance Date, to be held by Lessor as a non-interest bearing deposit to secure Lessee's performance under the Lease.

4. **EQUIPMENT LOCATION(S)** The Equipment will be located at the location(s) specified in Schedule A-1 hereto.

5. Lessor will invoice Lessee for all sales, use and/or personal property taxes as and when due and payable in accordance with applicable law, unless Lessee delivers to Lessor a valid exemption certificate with respect to such taxes. Delivery of such certificate shall constitute Lessee's representation and warranty that no such taxes shall become due and payable with respect to the Equipment, and Lessee shall indemnify and hold harmless Lessor from and against any and all liability or damages, including late charges and interest which Lessor may incur by reason of the assessment of such taxes.

6. The Rental Payments may change for Equipment accepted after SEPTEMBER 30, 1998.

7. Lessee represents that the applicable recovery period for the Equipment, for purposes of Section 168 of the Internal Revenue Code of 1986, is as set forth in Schedule A hereto.

Dated as of: SEPTEMBER 23, 1998

FLEET CAPITAL CORPORATION

By: [Signature]  
Name: JOHN M. FERRUCCI

Title: Assistant Vice President

BAY STATE GAS COMPANY

By: [Signature]  
Name: THOMAS W. SHERMAN

Title: E.V.P. + TREASURER



Capital Leasing

50 Kennedy Plaza  
Providence, Rhode Island 02903-2305

ACCEPTANCE CERTIFICATE

This Acceptance Certificate (this "Acceptance Certificate") is attached to and made a part of that certain Lease Schedule No. 31946 - 00022, dated as of SEPTEMBER 23, 1998 (the "Lease Schedule"), by and between the undersigned parties. All capitalized terms used herein and not defined herein shall have the meanings set forth or referred to in the Lease Schedule. To the extent the terms set forth in this Acceptance Certificate differ or conflict with any of the terms set forth in the Lease, the terms set forth in this Acceptance Certificate shall control.

1. Lessee acknowledges and agrees that each item of Equipment set forth on Schedule A hereto (collectively, the "Equipment") is hereby unconditionally accepted by Lessee for all purposes under the Lease at the locations specified in Schedule A-1 hereto, and hereby agrees to faithfully perform all of its obligations under the Lease as of the date hereof (the "Acceptance Date"). Lessee hereby authorizes and directs Lessor to make payment to each vendor of the Equipment pursuant to such vendor's invoice or any purchase order, purchase agreement or supply contract with such vendor, receipt and approval of which are hereby reaffirmed by Lessee.

2. By its execution and delivery of this Acceptance Certificate, Lessee hereby reaffirms all of the representations, warranties and covenants contained in the Lease as of the date hereof, and further represents and warrants to Lessor that no Event of Default, and no event or condition which with notice or the passage of time or both would constitute an Event of Default, has occurred and is continuing as of the date hereof. Lessee further certifies to Lessor that Lessee has selected the Equipment and has received and approved the purchase order, purchase agreement or supply contract under which the Equipment will be acquired for all purposes of the Lease.

3. Lessee hereby represents and warrants that: (a) the Equipment has been delivered and is in an operating condition and performing the operation for which it is intended to the satisfaction of the Lessee; and (b) if requested by Lessor, the Equipment has been marked or labeled evidencing the Lessor's interest therein.

4. The LEASE TERM COMMENCEMENT DATE is the 25th day of September, 19 98

5. The RENTAL PAYMENT COMMENCEMENT DATE is the 25th day of September, 19 98

6. All terms and provisions of the Lease Schedule shall remain in full force and effect, except as otherwise provided below:

- ACQUISITION COST: \$ 1,119,450.00

LEASE TERM 132 months

RENTAL PAYMENTS	Number of Rental Payments	Rental Payment Amount
	66	\$ 9,615.18
	66	\$ 11,750.53

ADVANCE RENTAL PAYMENT(S) First 01 and last 00

SECURITY DEPOSIT N/A %

Dated: September 25, 1998

Agreed and Accepted

FLEET CAPITAL CORPORATION

By: [Signature]  
Name: John M. FERNANDEZ

Title: Assistant Vice President

BAY STATE GAS COMPANY

✓ By: [Signature]  
Name: Thomas W. Sherman

Title: E.V.P. & Treasurer



## SCHEDULE A EQUIPMENT

Attached hereto and made part of the following documents: True Lease Schedule No. 31946-22, Acceptance Certificate, Bill of Sale and UCC Financing Statements

With: **BAY STATE GAS COMPANY**

Quantity	Model	Description	Serial #/Vin #
<b>LOCATION 01</b>			
2,378		ITRON, RMR 4.0 RESIDENTIAL METSCAN DEVICES	
350		ITRON, CID 30+ COMMERCIAL & INDUSTRIAL METSCAN DEVICES	
<b>LOCATION 02</b>			
2,145		ITRON, RMR 4.0 RESIDENTIAL METSCAN DEVICES	
574		ITRON, CID 30+ COMMERCIAL & INDUSTRIAL METSCAN DEVICES	
<b>LOCATION 03</b>			
1,051		ITRON, RMD 4.0 RESIDENTIAL METSCAN DEVICES	
87		ITRON, CID 30+ COMMERCIAL & INDUSTRIAL METSCAN DEVICES	

### WITH ALL STANDARD AND ACCESSORY EQUIPMENT

FLEET CAPITAL CORPORATION

By: [Signature]

Name: James H. Fennell

Title: Assistant Vice President

BAY STATE GAS COMPANY

By: [Signature]

Name: Thomas W. Sherman

Title: E.V.P. & Treasurer



**SCHEDULE A-1  
EQUIPMENT LOCATION**

Attached hereto and made part of the following documents : True Lease Schedule No. 31946-22, Acceptance Certificate, Bill of Sale .

With : **BAY STATE GAS COMPANY**

Location #	Equipment Location
Location 1	Brockton, MA 02401
Location 2	Springfield, MA 01840
Location 3	Lawrence, MA

FLEET CAPITAL CORPORATION

By:   
Name: LINA M. FERRUOLO

Title: Assistant Vice President

BAY STATE GAS COMPANY

By:   
Name: Thomas W. Sherman

Title: E.V.P. & Treasurer



**EARLY PURCHASE OPTION RIDER  
(single option)**

50 Kennedy Plaza  
Providence, Rhode Island 02903-2305

This Early Purchase Option Rider (this "Rider") is attached to and made a part of that certain Lease Schedule No. 31946-00022, dated as of SEPTEMBER 23, 1998 (the "Lease Schedule"), by and between the undersigned parties.

So long as no Event of Default has occurred and is continuing under the Lease, and upon at least 90 days prior written notice to Lessor, Lessee shall have the right to terminate the Lease Term for all but not less than all of the Equipment on the Rental Payment Date for Rental Payment Number 120 (the "Termination Date"). Lessee shall pay to Lessor on the Termination Date an amount equal to: (a) all Rental Payments, late charges and other amounts due and owing under the Lease; plus (b) all taxes, assessments and other charges due or payable in connection with the sale of the Equipment to Lessee; plus (c) 23.27 % of the Acquisition Cost of the Equipment.

Provided that Lessor shall have received all amounts payable hereunder on the Termination Date, and that no Event of Default then exists and is continuing under the Lease, Lessor shall convey all of its right, title and interest in and to the Equipment to Lessee on the Termination Date, on an "AS-IS," "WHERE-IS" BASIS WITHOUT REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, and without recourse to Lessor, except that the Equipment shall be free and clear of all liens created by Lessor.

In the event Lessee shall not pay all amounts due hereunder on the Termination Date, then the Lease Term for the Equipment shall continue in full force and effect, and this Rider shall be null and void and of no further force and effect.

All capitalized terms used herein and not defined herein shall have the meanings set forth or referred to in the Lease Schedule. Except as specifically set forth herein, all of the terms and conditions of the Lease shall remain in full force and effect and are hereby ratified and affirmed. To the extent that the provisions of this Rider conflict with any provisions contained in the Lease, the provisions of this Rider shall control.

Dated as of SEPTEMBER 23, 1998

FLEET CAPITAL CORPORATION

By: 

Name: LINA M FERRUCIO

Title: Assistant Vice President

BAY STATE GAS COMPANY

By: 

Name: Thomas W. Sherman

Title: E.V.P. & Treasurer



## PURCHASE OPTION RIDER

50 Kennedy Plaza  
Providence, Rhode Island 02903-2305

This Purchase Option Rider (this "Rider") is attached to and made a part of that certain Lease Schedule No. 31946-00022, dated as of SEPTEMBER 23, 1998 (the "Lease Schedule"), by and between the undersigned parties.

1. Purchase Option. If no Event of Default (or event or condition which, with the passage of time or giving of notice, or both, would become such an Event of Default) shall have occurred and be continuing, and the Lease shall not have been earlier terminated, Lessee shall have the option to purchase (the "Purchase Option") all, but not less than all, of the Equipment at the expiration of the Lease Term for an amount, payable in immediately available funds on the last day of the Lease Term, equal to: (a) all Rental Payments, late charges and other amounts due and owing under the Lease; plus (b) all taxes, assessments and other charges due or payable in connection with the sale of the Equipment to Lessee; plus (c) the Purchase Option Price (hereinafter defined).

Provided that Lessor shall have received all amounts payable hereunder on the last day of the Lease Term, and that no Event of Default then exists and is continuing under the Lease, Lessor shall convey all of its right, title and interest in and to the Equipment to Lessee on the last day of the Lease Term, on an "AS-IS," "WHERE-IS" BASIS WITHOUT REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, and without recourse to Lessor, except that the Equipment shall be free and clear of all liens created by Lessor. If Lessee intends to exercise the Purchase Option, Lessee shall give irrevocable written notice to Lessor (the "Option Notice") not more than 240 days, nor less than 180 days, prior to the expiration of the Lease Term. If Lessee fails to give such written notice to Lessor, it shall be conclusively presumed that Lessee has elected not to exercise the Purchase Option.

If, for any reason, Lessee does not exercise the Purchase Option, Lessee shall, on the last day of the Lease Term, return all of the Equipment to Lessor pursuant to and in the condition required by the terms of the Lease and pay to Lessor a return fee equal to 5.0 % of the Acquisition Cost of the Equipment.

2. Purchase Option Price. If Lessee has elected to exercise the Purchase Option, then the "Purchase Option Price" shall be the Fair Market Value (hereinafter defined) of the Equipment. As soon as practicable following Lessor's receipt of the Option Notice, Lessor and Lessee shall agree on the Fair Market Value of the Equipment as of the end of the Lease Term. Fair Market Value of the Equipment shall be the amount determined on the basis of, and equal in value to, the amount which would be obtained in an arm's-length transaction between an informed and willing buyer-user (other than a buyer-user currently in possession or a used equipment or scrap dealer) and an informed and willing seller, under no compulsion to buy or sell, provided, however, that in such determination (i) costs of removal from the location of current use shall not be a deduction from such value, (ii) it shall be assumed (whether or not the same be true) that the Equipment has been maintained and would have been returned to Lessor in compliance with the requirements of the Lease, and (iii) if any item of Equipment has been attached to or installed on or in any other property leased or owned by Lessee, then the fair market value of such item of Equipment shall be determined on an installed basis, in place and in use.



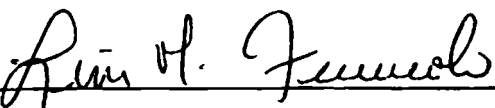
If Lessor and Lessee fail to agree upon Fair Market Value on or before one hundred sixty (160) days prior to the expiration of the Lease Term, then such value shall be determined by the Appraisal Procedure (as set forth in Section 3 below), at Lessee's sole cost and expense.

3. Appraisal Procedure. On the earlier of 160 days prior to the end of the Lease Term or the date on which either party hereto shall have given written notice to the other requesting determination of the Fair Market Value of the Equipment by this Appraisal Procedure (the "Appraisal Notice"), the parties shall consult for the purpose of appointing a qualified American Society of Appraisers ("ASA") certified appraiser by mutual agreement. If no such appraiser is so appointed within ten (10) business days after the Appraisal Notice is given, each party shall appoint a certified ASA appraiser and the two appraisers shall attempt to jointly agree on the Fair Market Value of the Equipment. If the two appraisers cannot so agree, then the two appraisers so appointed shall appoint a third certified ASA appraiser. If the two appraisers have been unable to agree on the Fair Market Value and on a third appraiser within thirty (30) days after the date of their appointment, Lessor may apply to the ASA or the American Arbitration Association to make such appointment, and both parties shall be bound by any such appointment. Any appraiser or appraisers appointed pursuant to this Appraisal Procedure shall be bound to determine the Fair Market Value of the Equipment within thirty (30) days after the appointment of the final appraiser to be employed pursuant to this Appraisal Procedure. If the parties shall have appointed a single appraiser, his or her determination of value shall be final, binding and conclusive on the parties. If the parties have appointed two appraisers, then their jointly agreed determination of value shall be final, binding and conclusive on the parties. If three appraisers shall be appointed, the values determined by the three appraisers shall be averaged, the appraisal having a value furthest from the average shall be discarded and the remaining two appraised values shall be averaged, and the average of the remaining two appraised values shall be final, binding and conclusive on the parties.

All capitalized terms used herein and not defined herein shall have the meanings set forth or referred to in the Lease Schedule. Except as specifically set forth herein, all of the terms and conditions of the Lease shall remain in full force and effect and are hereby ratified and affirmed. To the extent that the provisions of this Rider conflict with any provisions contained in the Lease, the provisions of this Rider shall control.

Dated as of SEPTEMBER 23, 1998

**FLEET CAPITAL CORPORATION**

By: 

Name: LISA M. FERRUCCIO

Title: Assistant Vice President

**BAY STATE GAS COMPANY**

✓ By: 

Name Thomas W. Sherman

Title E.V.P. & Treasurer



## RENEWAL OPTION RIDER

50 Kennedy Plaza  
Providence, Rhode Island 02903-2305

This Renewal Option Rider (this "Rider") is attached to and made a part of that certain Lease Schedule No. 31946-00022 dated as of SEPTEMBER 23, 1998 (the "Lease Schedule"), by and between the undersigned parties.

1. **Renewal Option.** If no Event of Default (or event or condition which, with the passage of time or giving of notice, or both, would become such an Event of Default) shall have occurred and be continuing, and the Lease shall not have been earlier terminated, Lessee shall have the option to renew and extend the Lease Term (the "Renewal Option") for all, but not less than all, of the Equipment for not more than one consecutive 12 -month renewal terms (each, a "Renewal Term") following the end of the Lease Term, provided that Lessee shall have notified Lessor in writing (the "Option Notice") of Lessee's intention to exercise the Renewal Option not more than 240 days, nor less than 180 days, prior to the expiration of the Lease Term, which notice shall be irrevocable. If Lessee does not furnish the Option Notice to Lessor as provided herein, Lessee shall be irrevocably deemed to have elected not to exercise the Renewal Option, and the Lease shall terminate on the last day of the Lease Term.

During a Renewal Term, the Lease shall continue in full force and effect on the same terms, covenants and conditions set forth herein, provided, however, that the Rental Payments payable by Lessee on each Rental Payment Date during a Renewal Term shall be an amount equal to the Fair Market Rental Value (defined in Section 2 below).

2. **Fair Market Rental Value.** "Fair Market Rental Value" of the Equipment shall be the amount determined on the basis of, and equal in value to, the amount which would be obtained in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor, each under no compulsion to lease, provided, however, that in such determination (i) costs of removal from the location of current use shall not be a deduction from such value (ii) and it shall be assumed (whether or not the same be true) that the Equipment has been maintained and would have been returned to Lessor in compliance with the requirements of the Lease, and (iii) if any item of Equipment has been attached to or installed on or in any other property leased or owned by Lessee, then the fair market rental value of such item of Equipment shall be determined on an installed basis, in place and in use.

As soon as practicable following Lessor's receipt of the Option Notice, Lessor and Lessee shall agree on the Fair Market Rental Value of the Equipment as of the end of the Lease Term. If Lessor and Lessee fail to agree upon Fair Market Rental Value on or before one hundred sixty (160) days prior to the expiration of the Lease Term, then such value shall be determined by the Appraisal Procedure (as set forth in Section 3 below), at Lessee's sole cost and expense.

3. **Appraisal Procedure.** On the earlier of 160 days prior to the end of the Lease Term or the date on which either party hereto shall have given written notice to the other requesting determination of the Fair Market Rental Value of the Equipment by this Appraisal Procedure (the "Appraisal Notice"), the parties shall consult for the purpose of appointing a qualified American Society of Appraisers ("ASA") certified appraiser by mutual agreement. If no such appraiser is so appointed within ten (10) business days after the Appraisal Notice is given, each party shall appoint a certified ASA appraiser and the two appraisers shall attempt to jointly agree on the Fair Market Rental Value of the Equipment. If the two appraisers cannot so agree, then the two appraisers so appointed shall appoint a third certified ASA appraiser. If the two appraisers have been unable

to agree on the Fair Market Rental Value and on a third appraiser within thirty (30) days after the date of their appointment, Lessor may apply to the ASA or the American Arbitration Association to make such appointment, and both parties shall be bound by any such appointment. Any appraiser or appraisers appointed pursuant to this Appraisal Procedure shall be bound to determine the Fair Market Rental Value of the Equipment within thirty (30) days after the appointment of the final appraiser to be employed pursuant to this Appraisal Procedure. If the parties shall have appointed a single appraiser, his or her determination of value shall be final, binding and conclusive on the parties. If the parties have appointed two appraisers, then their jointly agreed determination of value shall be final, binding and conclusive on the parties. If three appraisers shall be appointed, the values determined by the three appraisers shall be averaged, the appraisal having a value furthest from the average shall be discarded and the remaining two appraised values shall be averaged, and the average of the remaining two appraised values shall be final, binding and conclusive on the parties.

All capitalized terms used herein and not defined herein shall have the meanings set forth or referred to in the Lease Schedule. Except as specifically set forth herein, all of the terms and conditions of the Lease shall remain in full force and effect and are hereby ratified and affirmed. To the extent that the provisions of this Rider conflict with any provisions contained in the Lease, the provisions of this Rider shall control.

Dated as of SEPTEMBER 23, 1998

FLEET CAPITAL CORPORATION

By:   
LISA M. FERRUCCIO

Name: \_\_\_\_\_  
Title: Assistant Vice President

BAY STATE GAS COMPANY

✓ By: 

Name: Thomas W. Sherman  
Title: E.V. P. & Treasurer



WARRANTY BILL OF SALE

BAY STATE GAS COMPANY ("Seller") of 300 FRIBERG PARKWAY WESTBOROUGH, MA 01581, in consideration of the sum of \$1,119,450.00 Dollars, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby sell, transfer and assign to Fleet Capital Corporation ("FCC") a Rhode Island corporation having its principal office at 50 Kennedy Plaza, Providence, Rhode Island 02903, the equipment set forth in Schedule A hereto (the "Equipment").

Seller hereby covenants with and warrants to FCC that Seller is the lawful owner of the Equipment and has the right to sell the Equipment, and that the Equipment is free and clear of all rights, claims, liens, charges, security interests or encumbrances of any other person. Seller will forever indemnify, defend and warrant all of the rights of FCC in and to the Equipment transferred hereunder against the claims and demands of all other persons.

IN WITNESS WHEREOF, Seller has duly executed this Bill of Sale this 25 day  
of Sept, 1998.

BAY STATE GAS COMPANY

By: [Signature]

Name: THOMAS W SHERMAN

Title: VP + TREASURER

State of Massachusetts

County of Worcester

Subscribed and sworn before me this 25th day of September, 1998.

[Signature]  
Notary Public

My Commission expires: November 18, 2003

(SEAL)

FLEET CAPITAL CORPORATION  
50 Kennedy Plaza  
Providence, RI 02903-2305  
1-800-238-3737

BAY STATE GAS COMPANY  
300 FRIBERG PARKWAY  
WESTBOROUGH MA 01581-0000

September 23, 1998

-----  
DESCRIPTION

AMOUNT  
-----

ADVANCE PAYMENT	\$9,615.18	+
TRANSACTION EXPENSES	\$1,200.00	+

Total Due	\$10,815.18
Total Received	\$0.00
Balance	\$10,815.18

-----

TURN YOUR REMITTANCE TO THE ATTENTION OF: LINA FERRUOLO  
TO INSURE PROPER CREDIT TO YOUR ACCOUNT, PLEASE RETURN REMITTANCE COPY

A Subsidiary of Fleet National Bank

BSG → EAF

**MASTER EQUIPMENT LEASE AGREEMENT No. 31946**

**LESSOR:** BAY STATE GAS COMPANY  
a Massachusetts corporation

**LESSEE:** ENERGY ASSET FUNDING, INC.  
a Massachusetts corporation

**Address:** 300 Friberg Parkway  
Westborough, MA 01581

**Address:** 300 Friberg Parkway  
Westborough, MA 01581

**1. LEASE OF EQUIPMENT**

Subject to the terms and conditions set forth herein (the "Master Lease") and in any Lease Schedule incorporating the terms of this Master Lease (each, a "Lease Schedule"), Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, the items and units of personal property described in each such Lease Schedule, together with all replacements, parts, additions, accessories and substitutions therefor (collectively, the "Equipment"). Each Lease Schedule shall constitute a separate, distinct and independent lease of Equipment and contractual obligation of Lessee. References to the "the Lease", "this Lease" or "any Lease" shall mean and refer to any Lease Schedule which incorporates the terms of this Master Lease, together with all exhibits, addenda, schedules, certificates, riders and other documents and instruments executed and delivered in connection with such Lease Schedule or this Master Lease, all as the same may be amended or modified from time to time. The Equipment is to be delivered and installed at the location specified or referred to in the applicable Lease Schedule. The Equipment shall be deemed to have been accepted by Lessee for all purposes under this Lease upon Lessor's receipt of an Acceptance Certificate with respect to such Equipment, executed by Lessee after receipt of all other documentation required by Lessor with respect to such Equipment. Lessor shall not be liable or responsible for any failure or delay in the delivery of the Equipment to Lessee for whatever reason. As used in the Lease with respect to any item of Equipment, the terms "Acceptance Date", "Acquisition Cost", "Rental Payment(s)", "Rental Payment Date(s)", "Rental Payment Numbers", "Rental Payment Commencement Date", "Lease Term" and "Lease Term Commencement Date" shall have the meanings and values assigned to them in the Lease Schedule and the Acceptance Certificate applicable to such Equipment.

**2. TERM AND RENT**

The Lease Term for each item of Equipment shall be as specified in the applicable Lease Schedule. Rental Payments shall be in the amounts and shall be due and payable as set forth in the applicable Lease Schedule. Lessee shall, in addition, pay interim rent to Lessor on a pro-rata, per-diem basis from the Acceptance Date to the Lease Term Commencement Date set forth in the applicable Acceptance Certificate, payable on such Lease Term Commencement Date. If any rent or other amount payable hereunder shall not be paid within 10 days of the date when due, Lessee shall pay overdue interest on any delinquent payment or other amounts due under the Lease (by reason of acceleration or otherwise) from the due date until paid at the rate of 1 1/2% per month or the maximum amount permitted by applicable law, whichever is lower. All payments to be made to Lessor shall be made to Lessor in immediately available funds at the address shown above, or at such other place as Lessor shall specify in writing. THIS IS A NON-CANCELABLE, NON-TERMINABLE LEASE OF EQUIPMENT FOR THE ENTIRE LEASE TERM PROVIDED IN EACH LEASE SCHEDULE HERETO.

**3. POSSESSION; PERSONAL PROPERTY**

No right, title or interest in the Equipment shall pass to Lessee other than the right to maintain possession and use of the Equipment for the Lease Term (provided no Event of Default has occurred) free from interference by any person claiming by, through, or under Lessor. The Equipment shall always remain personal property even though the Equipment may hereafter become attached or affixed to real property. Lessee agrees to give and record such notices and to take such other action at its own expense as may be necessary to prevent any third party (other than an assignee of Lessor or sublessees of Lessee to the extent permitted under Section 16 of this Lease) from acquiring or having the right under any circumstances to acquire any interest in the Equipment or this Lease.

**4. DISCLAIMER OF WARRANTIES**

LESSOR IS NOT THE MANUFACTURER OR SUPPLIER OF THE EQUIPMENT, NOR THE AGENT THEREOF, AND MAKES NO EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES AS TO ANY MATTER WHATSOEVER, INCLUDING WITHOUT LIMITATION, THE MERCHANTABILITY OF THE EQUIPMENT, ITS FITNESS FOR A PARTICULAR PURPOSE, ITS DESIGN OR CONDITION, ITS CAPACITY OR DURABILITY, THE QUALITY OF THE MATERIAL OR WORKMANSHIP IN THE MANUFACTURE OR ASSEMBLY OF THE EQUIPMENT, OR THE CONFORMITY OF THE EQUIPMENT TO THE PROVISIONS AND SPECIFICATIONS OF ANY PURCHASE ORDER RELATING THERETO, OR PATENT INFRINGEMENTS, AND LESSOR HEREBY DISCLAIMS ANY SUCH WARRANTY. LESSOR IS NOT RESPONSIBLE FOR ANY REPAIRS OR SERVICE TO THE EQUIPMENT, DEFECTS THEREIN OR FAILURES IN THE OPERATION THEREOF. Lessee has made the selection of each item of Equipment and the manufacturer and/or supplier thereof based on its own judgment and expressly disclaims any reliance upon any statements or representations made by Lessor. For so long as no Event of Default (or event or condition which, with the passage of time or giving of notice, or both, would become such an Event of Default) has occurred and is continuing, Lessee shall be the beneficiary of, and shall be entitled to, all rights under any applicable manufacturer's or vendor's warranties with respect to the Equipment, to the extent permitted by law.

If the Equipment is not delivered, is not properly installed, does not operate as warranted, becomes obsolete, or is unsatisfactory for any reason whatsoever, Lessee shall make all claims on account thereof solely against the manufacturer or supplier and not against Lessor, and Lessee shall nevertheless pay all rentals and other sums payable hereunder. Lessee acknowledges that neither the manufacturer or supplier of the Equipment, nor any sales representative or agent thereof, is an agent of Lessor, and no agreement or representation as to the Equipment or any other matter by any such sales representative or agent of the manufacturer or supplier shall in any way affect Lessee's obligations hereunder.

**5. REPRESENTATIONS, WARRANTIES AND COVENANTS**

Lessee represents and warrants to and covenants with Lessor that:

(a) Lessee has the form of business organization indicated above and is duly organized and existing in good standing under the laws of the state listed in the caption of this Master Lease and is duly qualified to do business wherever necessary to carry on its present business and operations and to own its property; (b) this Lease has been duly authorized by all necessary action on the part of Lessee consistent with its form of organization, does not require any further shareholder or partner approval, does not require the approval of, or the giving of notice to, any federal, state, local or foreign governmental authority and does not contravene any law binding on Lessee or contravene any certificate or articles of incorporation or by-laws or partnership certificate or agreement, or any agreement, indenture, or other instrument to which Lessee is a party or by which it may be bound;

(c) this Lease has been duly executed and delivered by authorized officers or partners of Lessee and constitutes a legal, valid and binding obligation of Lessee enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency or similar laws now or hereafter in effect affecting the rights of creditors generally; (d) Lessee has not and will not, directly or indirectly, create, incur or permit to exist any lien, encumbrance, mortgage, pledge, attachment or security interest on or with respect to the Equipment or this Lease (except those of persons claiming by, through or under Lessor or sublessees of Lessee to the extent permitted under Section 16 of this Lease); (e) the Equipment will be used solely in the conduct of Lessee's business; (f) as of the date hereof, there are no pending or threatened actions or proceedings before any court or administrative agency which materially adversely affect Lessee's financial condition or operations, and all credit, financial and other information provided by Lessee or at Lessee's direction is, and all such information hereafter furnished will be, true, correct and complete in all material respects; and (g) Lessor has not selected, manufactured or supplied the Equipment to Lessee and has acquired any Equipment subject hereto solely in connection with this Lease and Lessee has received and approved the terms of any purchase order or agreement with respect to the Equipment.

#### 6. INDEMNITY

Lessee hereby agrees to indemnify and hold safe and harmless, and covenants to defend, Lessor, its employees, servants and agents from and against: (a) any and all liabilities, losses, damages, claims and expenses (including reasonable legal expenses) arising out of the manufacture, purchase, shipment and delivery of the Equipment to Lessee, acceptance or rejection, ownership, titling, registration, leasing, possession, operation, use, return or other disposition of the Equipment, including, without limitation, any liabilities that may arise from patent or latent defects in the Equipment (whether or not discoverable by Lessee), any claims based on absolute tort liability or warranty and any claims based on patent, trademark or copyright infringement; (b) any and all loss or damage of or to the Equipment; and (c) any obligation or liability to the manufacturer or any supplier of the Equipment arising under any purchase orders issued by or assigned to Lessor.

#### 7. TAXES AND OTHER CHARGES

Lessee agrees to comply with all laws, regulations and governmental orders related to this Lease and to the Equipment and its use or possession, and to pay when due, and to defend and indemnify Lessor against liability for all license fees, assessments, and sales, use, property, excise, privilege and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon any Equipment, or with respect to the manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, operation, possession, use, return, or other disposition thereof or the rentals hereunder (other than taxes on or measured solely by the net income of Lessor). Any fees, taxes or other lawful charges paid by Lessor upon failure of Lessee to make such payments shall at Lessor's option become immediately due from Lessee to Lessor.

If any Lease Schedule is denominated as a "True Lease Schedule", then, with respect to the Equipment set forth on such True Lease Schedule, Lessee hereby covenants and agrees that Lessor shall be entitled to the following tax benefits (the "Tax Benefits"). Lessor will be entitled to cost recovery deductions under Section 168 of the Internal Revenue Code of 1986, as amended (the "Code"), using a 200% declining balance method of depreciation switching to the straight line method for the first taxable year for which such method will yield larger depreciation deductions, and assuming a half-year convention and zero salvage value, for the applicable recovery period for such Equipment as set forth in the True Lease Schedule with respect to such Equipment. Lessee further acknowledges and agrees that Lessor has entered into such True Lease Schedule on the assumption that Lessor will be taxed throughout the Lease Term of the True Lease Schedule at Lessor's federal corporate income tax rate existing on the date of such Lease Schedule (the "Assumed Tax Rate"). If, for any reason whatsoever, there shall be a loss, disallowance, recapture or delay in claiming all or any portion of the Tax Benefits with respect to the Equipment, or there shall be included in Lessor's gross income for Federal, state or local income tax purposes any amount on account of any addition, modification or improvement to or in respect of any of the Equipment made or paid for by Lessee, (any loss, disallowance, recapture, delay or inclusion being herein called a "Tax Loss"), then thirty (30) days after written notice to Lessee by Lessor that a Tax Loss has occurred, Lessee shall pay Lessor a lump sum amount which, after deduction of all taxes required to be paid by Lessor with respect to the receipt of such amount, will provide Lessor with an amount necessary to maintain Lessor's after-tax economic yield and overall net after-tax cash flows at the same level that would have been available if such Tax Loss had not occurred, plus any interest, penalties or additions to tax which may be imposed in connection with such Tax Loss. In lieu of paying such Tax Loss in a lump sum, Lessor may require, or upon Lessee's request, may agree, in Lessor's sole discretion, that such Tax Loss shall be paid in equal periodic payments over the applicable remaining Lease Term with respect to such Equipment with each Rental Payment due and payable with respect to such Equipment. A Tax Loss shall conclusively be deemed to have occurred if either (a) a deficiency shall have been proposed by the Internal Revenue Service or other taxing authority having jurisdiction, or (b) tax counsel for Lessor has rendered an opinion to Lessor that such Tax Loss has so occurred. The foregoing indemnities and covenants set forth in Sections 6 and 7 of this Master Lease shall continue in full force and effect and shall survive the expiration or earlier termination of the Lease.

#### 8. DEFAULT

Lessee shall be in default of this Lease upon the occurrence of any one or more of the following events (each an "Event of Default"):

(a) Lessee shall fail to make any payment, of rent or otherwise, under any Lease within 30 days of the date when due; or (b) Lessee shall fail to obtain or maintain any of the insurance required under any Lease; or (c) Lessee shall fail to perform or observe any covenant, condition or agreement under any Lease, and such failure continues for 30 days after notice thereof to Lessee, unless, such failure cannot be cured within 30 days and Lessee is diligently pursuing by appropriate proceedings (as determined by Lessor in its sole discretion) a cure, provided, however, that such failure must be cured within 60 days after notice thereof to Lessee; or (d) a payment default by Lessee shall occur with respect to any indebtedness or obligation of Lessee to Lessor or any affiliated person, firm or entity controlling, controlled by or under common control with Lessor, under any loan, note, security agreement, lease, guaranty, title retention or conditional sales agreement or any other instrument or agreement evidencing such indebtedness with Lessor or such other affiliated person, firm or entity affiliated with Lessor; or (e) any representation or warranty made by Lessee herein or in any certificate, agreement, statement or document hereto or hereafter furnished to Lessor in connection herewith, including without limitation, any financial information disclosed to Lessor, shall prove to be false or incorrect in any material respect; or (f) (1) a court having jurisdiction with respect to the Equipment or Lessee shall enter a decree or order for relief in respect of Lessee in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or, under any such law, (i) appointing a receiver, liquidator, assignee, custodian, trustee or sequestrator (or similar official of the Lessee or for any substantial part of its property, or (ii) ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or (2) the Lessee shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or, under any such law, (i) consent to the entry of an order for relief in an involuntary case under any such law, (ii) consent to the appointment or taking possession by a



receiver, liquidator, assignee, custodian, trustee or sequestrator (or similar official) of the Lessee or for any substantial part of its property, or (iii) make any general assignment for the benefit of creditors; or (g) Lessee shall default in the payment of principal of or interest on any indebtedness of Lessee for borrowed money the aggregate outstanding principal balance of which shall then exceed \$10 million, and such indebtedness becomes due prior to its stated maturity by acceleration; or (h) Lessee shall default or the happening of any event other than nonpayment of principal or interest shall occur under any indenture, agreement, or other instrument under which any indebtedness of Lessee for borrowed money the aggregate outstanding balance of which shall then exceed \$10 million is outstanding, and such indebtedness becomes due prior to its stated maturity by acceleration; or (i) Lessee shall terminate its existence by merger, consolidation, sale of substantially all of its assets or otherwise, unless: (i) the successor corporation is a publicly held corporation which has been rated at least A2 or its equivalent by Moody's Investors Service, Inc. or at least A or its equivalent by Standard and Poor's Corporation, (ii) the due and punctual performance of all of Lessee's obligations hereunder are expressly assumed by the successor corporation, formed by or surviving any such merger or consolidation or to which such sale shall have been made, as fully and effectually as if such successor corporation had been an original party to this Lease, and (iii) immediately after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time, or both, would become an Event of Default, shall have occurred and be continuing; or (j) Lessee or Lessee's permitted successor pursuant to preceding Section 8(i), shall cease to be subject to the reporting requirements of the Securities Exchange Act of 1934; or (k) Lessor shall determine, in the good faith exercise of its discretion, that Lessee's ability to make any payment hereunder promptly when due or otherwise comply with the terms of this Lease is materially impaired. Lessee shall promptly notify Lessor of the occurrence of any Event of Default or the occurrence or existence of any event or condition which, upon the giving of notice of lapse of time, or both, may become an Event of Default.

#### 9. REMEDIES

Upon the occurrence of any Event of Default, Lessor may, at its sole option and discretion, exercise one or more of the following remedies with respect to any or all of the Equipment: (a) cause Lessee to promptly return, at Lessee's expense, any or all Equipment to such location as Lessor may designate in accordance with the terms of Section 18 of this Master Lease, or Lessor, at its option, may enter upon the premises where the Equipment is located and take immediate possession of and remove the same by summary proceedings or otherwise, all without liability to Lessor for or by reason of damage to property or such entry or taking possession except for Lessor's gross negligence or willful misconduct; (b) sell any or all Equipment at public or private sale or otherwise dispose of, hold, use, operate, lease to others or keep idle the Equipment, all as Lessor in its sole discretion may determine and all free and clear of any rights of Lessee; (c) remedy such default, including making repairs or modifications to the Equipment, for the account and expense of Lessee, and Lessee agrees to reimburse Lessor for all of Lessor's costs and expenses; (d) by written notice to Lessee, terminate the Lease with respect to any or all Lease Schedules and the Equipment subject thereto, as such notice shall specify, and, with respect to such terminated Lease Schedules and Equipment, declare immediately due and payable and recover from Lessee, as liquidated damages for loss of Lessor's bargain and not as a penalty, an amount equal to the Stipulated Loss Value, calculated as of the next following Rental Payment Date; (e) apply any deposit or other cash collateral or sale or remarketing proceeds of the Equipment at any time to reduce any amounts due to Lessor, and (f) exercise any other right or remedy which may be available to Lessor under applicable law, or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof, including reasonable attorneys' fees and court costs. No remedy referred to in this Section 9 shall be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity. Notwithstanding the foregoing, for so long as any permitted sublessee (pursuant to Section 16 of this Lease) is not in default under the terms of the sublease, no exercise by Lessor of any remedy referenced in this Section 9 shall disturb the possessory rights of any sublessee with respect to the Equipment.

The exercise or pursuit by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise or pursuit by Lessor of any or all such other remedies, and all remedies hereunder shall survive termination of this Lease. At any sale of the Equipment pursuant to this Section 9, Lessor may bid for the Equipment. Notice required, if any, of any sale or other disposition hereunder by Lessor shall be satisfied by the mailing of such notice to Lessee at least seven (7) days prior to such sale or other disposition. In the event Lessor takes possession and disposes of the Equipment, the proceeds of any such disposition shall be applied in the following order: (1) to all of Lessor's costs, charges and expenses incurred in taking, removing, holding, repairing and selling or leasing the Equipment; (2) to the extent not previously paid by Lessee, to pay Lessor for any damages then remaining unpaid hereunder; (3) to reimburse Lessee for any sums previously paid by Lessee as damages hereunder; and (4) the balance, if any, shall be retained by Lessor. A termination shall occur only upon written notice by Lessor and only with respect to such Equipment as Lessor shall specify in such notice. Termination under this Section 9 shall not affect Lessee's duty to perform Lessee's obligations hereunder to Lessor in full. Lessee agrees to reimburse Lessor on demand for any and all costs and expenses incurred by Lessor in enforcing its rights and remedies hereunder following the occurrence of an Event of Default, including, without limitation, reasonable attorney's fees, and the costs of repossession, storage, insuring, reletting, selling and disposing of any and all Equipment. Upon Lessor's receipt of all amounts to which Lessor is entitled under this Section 9, the Equipment shall become Lessee's property and Lessor shall deliver to Lessee a bill of sale conveying title to the Equipment to Lessee, AS IS, WHERE IS and without representations or warranties.

The term "Stipulated Loss Value" with respect to any item of Equipment shall mean the Stipulated Loss Value as set forth in any Schedule of Stipulated Loss Values attached to and made a part of the applicable Lease Schedule. If there is no such Schedule of Stipulated Loss Values, then the Stipulated Loss Value with respect to any item of Equipment on any Rental Payment Date during the Lease Term shall be an amount equal to the sum of: (a) all Rental Payments and other amounts then due and owing to Lessor under the Lease, together with all accrued interest and late charges thereon calculated through and including the date of payment; plus (b) the net present value of: (i) all Rental Payments then remaining unpaid for the Lease Term, plus (ii) the amount of any purchase obligation with respect to the Equipment or, if there is no such obligation, then the fair market value of the Equipment at the end of such term, as estimated by Lessor in its sole discretion, all discounted to net present value at a discount rate equal to the 1-year Treasury Constant Maturity rate as published in the Selected Interest Rates table of the Federal Reserve statistical release H.15(519) for the week ending immediately prior to the original Acceptance Date for such Equipment.

#### 10. ADDITIONAL SECURITY

For so long as any obligations of Lessee shall remain outstanding under any Lease, Lessee hereby grants to Lessor a security interest in all of Lessee's rights in and to Equipment subject to such Lease from time to time, to secure the prompt payment and performance when due (by reason of acceleration or otherwise) of each and every indebtedness, obligation or liability of Lessee, or any affiliated person, firm, or entity controlling, controlled by, or under common control with Lessee, owing to Lessor, whether now existing or hereafter arising, including but not limited to all of such obligations under or in respect of any Lease. The extent to which Lessor shall have a purchase money security interest in any item of Equipment under a Lease which is deemed to create a security interest under Section 1-201(37) of the Uniform Commercial Code shall be determined by



reference to the Acquisition Cost of such item financed by Lessor. In order more fully to secure its rental payments and all other obligations to Lessor hereunder, Lessee hereby grants to Lessor a security interest in any deposit of Lessee to Lessor under Section 3(d) of any Lease Schedule hereto. Such security deposit shall not bear interest, may be commingled with other funds of Lessor and shall be immediately restored by Lessee if applied under Section 9. Upon expiration of the term of this Lease and satisfaction of all of Lessee's obligations, the security deposit shall be returned to Lessee. The term "Lessor" as used in this Section 10 shall include any affiliated person, firm or entity controlling, controlled by or under common control with Lessor.

#### 11. NOTICES

Any notices or demands required or permitted to be given under this Lease shall be given in writing and by regular mail and shall become effective when deposited in the United States mail with postage prepaid to Lessor to the attention of Customer Accounts, and to Lessee at the address set forth above, or to such other address as the party to receive notice hereafter designates by such written notice.

#### 12. USE; MAINTENANCE; INSPECTION; LOSS AND DAMAGE

During the Lease Term for each item of Equipment, Lessee shall, unless Lessor shall otherwise consent in writing: (a) permit each item of Equipment to be used only within the continental United States by qualified personnel solely for business purposes and the purpose for which it was designed and shall, at its sole expense, service, repair, overhaul and maintain each item of Equipment in the same condition as when received, ordinary wear and tear excepted, in good operating order, consistent with prudent industry practice (but, in no event less than the same extent to which Lessee maintains other similar equipment in the prudent management of its assets and properties) and in compliance with all applicable laws, ordinances, regulations, and conditions of all insurance policies required to be maintained by Lessee under the Lease and all manuals, orders, recommendations, instructions and other written requirements as to the repair and maintenance of such item of Equipment issued at any time by the vendor and/or manufacturer thereof; (b) maintain conspicuously on each item of Equipment such labels, plates, decals or other markings as Lessor may reasonably require, stating that Lessor is owner of such item of Equipment; (c) furnish to Lessor such information concerning the condition, location, use and operation of the Equipment as Lessor may request; (d) permit any person designated by Lessor to visit and inspect any item of Equipment and any records maintained in connection therewith, provided, however, that the failure of Lessor to inspect the Equipment or to inform Lessee of any noncompliance shall not relieve Lessee of any of its obligations hereunder; (e) if any item of Equipment does not comply with the requirements of this Lease, Lessee shall, within 30 days of written notice from Lessor, bring such Equipment into compliance; (f) not use any Equipment, nor allow the same to be used, for any unlawful purpose, nor in connection with any property or material that would subject the Lessor to any liability under any state or federal statute or regulation pertaining to the production, transport, storage, disposal or discharge of hazardous or toxic waste or materials; and (g) make no additions, alterations, modifications or improvements (collectively, "Improvements") to any item of Equipment that are not readily removable without causing material damage to such item of Equipment or which will cause the value, utility or useful life of such item of Equipment to materially decline. If any such Improvement is made and cannot be removed without causing material damage or decline in value, utility or useful life (a "Non-Severable Improvement"), then Lessee warrants that such Non-Severable Improvement shall immediately become Lessor's property upon being installed and shall be free and clear of all liens and encumbrances and shall become Equipment subject to all of the terms and conditions of the Lease. All such Improvements that are not Non-Severable Improvements shall be removed by Lessee prior to the return of the item of Equipment hereunder or such Improvements shall also become the sole and absolute property of Lessor without any further payment by Lessor to Lessee and shall be free and clear of all liens and encumbrances whatsoever. Lessee shall repair all damage to any item of Equipment caused by the removal of any Improvement so as to restore such item of Equipment to the same condition which existed prior to its installation and as required by this Lease.

Lessee hereby assumes all risk of loss, damage or destruction for whatever reason to the Equipment from and after the earlier of the date (i) on which the Equipment is ordered or (ii) Lessor pays the purchase price of the Equipment, and continuing until the Equipment has been returned to, and accepted by, Lessor in the condition required by Section 18 hereof upon the expiration of the Lease Term. If during the Lease Term any item of Equipment shall become lost, stolen, destroyed, damaged beyond repair or rendered permanently unfit for use for any reason, or in the event of any condemnation, confiscation, theft or seizure or requisition of title to or use of such item, Lessee shall immediately pay to Lessor an amount equal to the Stipulated Loss Value of such item, as of the next following Rental Payment Date.

#### 13. INSURANCE

Lessee shall procure and maintain insurance in such amounts and upon such terms and with such companies as Lessor may approve, during the entire Lease Term and until the Equipment has been returned to, and accepted by, Lessor in the condition required by Section 18 hereof, at Lessee's expense, provided that in no event shall such insurance be less than the following coverages and amounts: (a) Worker's Compensation and Employer's Liability Insurance, in the full statutory amounts provided by law; (b) Comprehensive General Liability Insurance including product/completed operations and contractual liability coverage, with minimum limits of \$1,000,000 each occurrence, and Combined Single Limit Body Injury and Property Damage, \$1,000,000 aggregate, where applicable; and (c) All Risk Physical Damage Insurance, including earthquake and flood, on each item of Equipment, in an amount not less than the greater of the Stipulated Loss Value of the Equipment or (if available) its full replacement value. Lessor will be included as an additional insured and loss payee as its interest may appear. Such policies shall be endorsed to provide that the coverage afforded to Lessor shall not be rescinded, impaired or invalidated by any act or neglect of Lessee. Lessee agrees to waive Lessee's right and its insurance carrier's rights of subrogation against Lessor for any and all loss or damage.

All policies shall be endorsed or contain a clause requiring the insurer to furnish Lessor with at least 30 days' prior written notice of any material change, cancellation or non-renewal of coverage. Upon execution of this Lease, Lessee shall furnish Lessor with a certificate of insurance or other evidence satisfactory to Lessor that such insurance coverage is in effect, provided, however, that Lessor shall be under no duty either to ascertain the existence of or to examine such insurance coverage or to advise Lessee in the event such insurance coverage should not comply with the requirements hereof. In case of failure of Lessee to procure or maintain insurance, Lessor may at its option obtain such insurance, the cost of which will be paid by the Lessee as additional rentals. Lessee hereby irrevocably appoints Lessor as Lessee's attorney-in-fact to file, settle or adjust, and receive payment of claims under any such insurance policy and to endorse Lessee's name on any checks, drafts or other instruments on payment of such claims. Lessee further agrees to give Lessor prompt notice of any damage to or loss of, the Equipment, or any part thereof.

#### 14. LIMITATION OF LIABILITY

Lessor shall have no liability in connection with or arising out of the ownership, leasing, furnishing, performance or use of the Equipment or any special, indirect, incidental or consequential damages of any character, including, without limitation, loss of use of production facilities or

equipment, loss of profits, property damage or lost production, whether suffered by Lessee or any third party.

#### 15. FURTHER ASSURANCES

Lessee shall promptly execute and deliver to Lessor such further documents and take such further action as Lessor may require in order to more effectively carry out the intent and purpose of this Lease. Lessee shall provide to Lessor, within 120 days after the close of each of Lessee's fiscal years, and, upon Lessor's request, within 45 days of the end of each quarter of Lessee's fiscal year, a copy of its financial statements prepared in accordance with generally accepted accounting principles and, in the case of annual financial statements, audited by independent certified public accountants, and in the case of quarterly financial statements certified by Lessee's chief financial officer. Lessee shall execute and deliver to Lessor upon Lessor's request such instruments and assurances as Lessor deems necessary for the confirmation, preservation or perfection of this Lease and Lessor's rights hereunder, including, without limitation, such corporate resolutions and opinions of counsel as Lessor may request from time to time, and all schedules, forms and other reports as may be required to satisfy obligations imposed by taxing authorities. In furtherance thereof, Lessor may file or record this Lease or a memorandum or a photocopy hereof (which for the purposes hereof shall be effective as a financing statement) so as to give notice to third parties, and Lessee hereby appoints Lessor as its attorney-in-fact to execute, sign, file and record UCC financing statements and other lien recordation documents with respect to the Equipment where Lessee fails or refuses to do so after Lessor's written request, and Lessee agrees to pay or reimburse Lessor for any filing, recording or stamp fees or taxes arising from any such filings.

#### 16. ASSIGNMENT

This Lease and all rights of Lessor hereunder shall be assignable by Lessor absolutely or as security, without notice to Lessee, subject to the rights of Lessee hereunder for the use and possession of the Equipment for so long as no Event of Default has occurred and is continuing hereunder. Any such assignment shall not relieve Lessor of its obligations hereunder unless specifically assumed by the assignee, and Lessee agrees it shall not assert any defense, rights of set-off or counterclaim against any assignee to which Lessor shall have assigned its rights and interests hereunder, nor hold or attempt to hold such assignee liable for any of Lessor's obligations hereunder. No such assignment shall materially increase Lessee's obligations hereunder. Lessee agrees, upon Lessor's written request, to provide to any such assignee an acknowledgement of such assignment confirming the terms, conditions, representations, warranties and covenants contained in this Lease.

LESSEE SHALL NOT ASSIGN OR DISPOSE OF ANY OF ITS RIGHTS OR OBLIGATIONS UNDER THIS LEASE OR ENTER INTO ANY SUBLEASE WITH RESPECT TO ANY OF THE EQUIPMENT WITHOUT THE EXPRESS PRIOR WRITTEN CONSENT OF LESSOR. Notwithstanding the foregoing, Lessee may sublease the Equipment as contemplated by the documents constituting this Lease and in the normal course of Lessee's business, without Lessor's prior consent, so long as each such sublease: (i) is assigned to Lessor, which assignment shall be deemed to have occurred and be effective immediately upon an agreement by Lessee to lease or rent the Equipment to a third party; and (ii) in any such case, the Lessee shall remain primarily liable for all of its obligations under the Lease, irrespective of such sublease. As long as the sublessee is not in default under the terms of the sublease, the sublessee shall have the right to quiet enjoyment of the Equipment.

#### 17. LESSEE'S OBLIGATION UNCONDITIONAL

This Lease is a net lease and Lessee hereby agrees that it shall not be entitled to any abatement of rents or of any other amounts payable hereunder by Lessee, and that its obligation to pay all rent and any other amounts owing hereunder shall be absolute and unconditional under all circumstances, including, without limitation, the following circumstances: (i) any claim by Lessee to any right of set-off, counterclaim, recoupment, defense or other right which Lessee may have against Lessor, any seller or manufacturer of any Equipment or anyone else for any reason whatsoever; (ii) the existence of any liens, encumbrances or rights of others whatsoever with respect to any Equipment, whether or not resulting from claims against Lessor not related to the ownership of such Equipment; or (iii) any other event or circumstances whatsoever. Each Rent Payment or other amount paid by Lessee hereunder shall be final and Lessee will not seek to recover all or any part of such payment from Lessor for any reason whatsoever.

#### 18. RETURN OF EQUIPMENT

Upon the expiration or earlier termination of the Lease Term with respect to any item of Equipment, and provided that Lessee has not validly exercised any purchase option with respect thereto, Lessee shall: (a) return the Equipment to a location and in the manner designated by the Lessor within the continental United States, including, as reasonably required by Lessor, securing arrangements for the disassembly and packing for shipment by an authorized representative of the manufacturer of the Equipment, shipment with all parts and pieces on a carrier designated or approved by Lessor, and then reassembly (including, if necessary, repair and overhaul) by such representative at the return location in the condition the Equipment is required to be maintained by the Lease and in such condition as will make the Equipment immediately able to perform all functions for which the Equipment was originally designed (or as upgraded during the Lease Term), and immediately qualified for the manufacturer's (or other authorized servicing representative's) then-available service contract or warranty; (b) cause the Equipment to qualify for all applicable licenses or permits necessary for its operation for its intended purpose and to comply with all specifications and requirements of applicable federal, state and local laws, regulations and ordinances; (c) upon Lessor's request, provide suitable storage, acceptable to Lessor, for the Equipment for a period not to exceed 180 days from the date of return; (d) cooperate with Lessor in attempting to remarket the Equipment, including display and demonstration of the Equipment to prospective purchasers or lessees, and allowing Lessor to conduct any private or public sale or auction of the Equipment on Lessee's premises. All costs incurred in connection with any of the foregoing shall be the sole responsibility of the Lessee. During any period of time from the expiration or earlier termination of the Lease until the Equipment is returned in accordance with the provisions hereof or until Lessor has been paid the applicable purchase option price if any applicable purchase option is exercised, Lessee agrees to pay to Lessor additional per diem rent ("Holdover Rent"), payable promptly on demand in an amount equal to 125% of the highest monthly Rental Payment payable during the Lease Term divided by 30, provided, however, that nothing contained herein and no payment of Holdover Rent hereunder shall relieve Lessee of its obligation to return the Equipment upon the expiration or earlier termination of the Lease.

#### 19. MISCELLANEOUS

THE LEASE REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES CONCERNING THE LEASE OF THE EQUIPMENT AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS BETWEEN THE PARTIES. LESSEE ACKNOWLEDGES AND CERTIFIES THAT NO SUCH ORAL AGREEMENTS EXIST. The Lease may not be amended, nor may any rights under the Lease be waived, except by an instrument in writing signed by the party charged with such amendment or waiver. The term "Lessee" as used in the Lease shall mean and include any and all Lessees who sign below, each of whom shall be jointly and severally liable under the Lease. This Master Lease will not be binding on Lessor until accepted and executed by Lessor, notice of which is hereby waived by Lessee. Any waiver of the terms hereof

shall be effective only in the specific instance and for the specific purpose given. Time is of the essence in the payment and performance of all of Lessee's obligations under the Lease. The captions in this Lease are for convenience only and shall not define or limit any of the terms hereof.

**20. ENFORCEABILITY AND GOVERNING LAW**

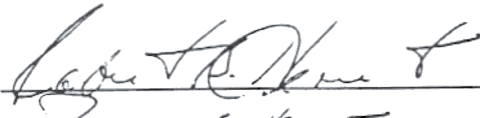
Any provisions of this Lease which are unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such unenforceability without invalidating the remaining provisions hereof, and any such unenforceability in any jurisdiction shall not render unenforceable such provisions in any other jurisdiction. To the extent permitted by applicable law, Lessee hereby waives; (a) any provisions of law which render any provision hereof unenforceable in any respect; (b) all rights and remedies under Rhode Island General Laws Sections 6A-2.1-508 through 522 or corresponding provisions of the Uniform Commercial Code article or division pertaining to personal property leasing in any jurisdiction in which enforcement of this Lease is sought.

THIS LEASE AND THE LEGAL RELATIONS OF THE PARTIES HERETO SHALL IN ALL RESPECTS BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS, WITHOUT REGARD TO PRINCIPLES REGARDING THE CHOICE OF LAW. LESSEE HEREBY CONSENTS AND SUBMITS TO THE JURISDICTION OF THE COURTS OF THE COMMONWEALTH OF MASSACHUSETTS AND THE FEDERAL DISTRICT COURT FOR THE COMMONWEALTH OF MASSACHUSETTS FOR THE PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF ITS OBLIGATIONS HEREUNDER, AND EXPRESSLY WAIVES ANY OBJECTIONS THAT IT MAY HAVE TO THE VENUE OF SUCH COURTS. LESSEE HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS LEASE. Any action by Lessee against Lessor for any cause of action relating to this Lease shall be brought within one year after any such cause of action first arises.

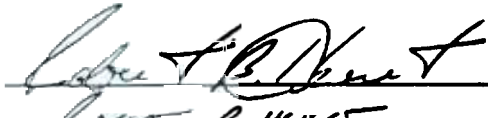
Executed and delivered by duly authorized representatives of the parties hereto as of the date set forth below.

DATED AS OF: OCTOBER 31, 1995

**BAY STATE GAS COMPANY**

By:   
Name: ROBERT B. HEBERT  
Title: ASSISTANT TREASURER

**ENERGY ASSET FUNDING, INC.**

By:   
Name: ROBERT B. HEBERT  
Title: TREASURER